

MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2002 & 2001

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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2002

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Statements and schedules are rounded to thousands of dollars. Because of this, they may not add to the totals.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GLORIA J. JEFF
DIRECTOR

October 2, 2003

State Transportation Commission
and
Gloria J. Jeff, Director
Michigan Department of Transportation

I am pleased to submit the Annual Financial Report for the Michigan Department of Transportation (MDOT) for the fiscal years ended September 30, 2001 and 2002. This report is prepared by the Bureau of Finance and Administration which is responsible for both the accuracy of the data and the completeness and fairness of the presentation. The data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of the department's operations.

This report is in compliance with Department of Management and Budget's Administrative Guide to State Government, which requires state agencies issuing financial reports to be consistent with the State of Michigan Comprehensive Annual Financial Report. In complying with state agency reporting guidelines this report does not fully comply with all generally accepted accounting principles. However, these departures from general accepted accounting principles are not material, for example, the combined balance sheet does not include long-term obligations or capitalized assets. All disclosures necessary to enable the reader to gain a reasonable understanding of the department's financial affairs are included. A summary of the department's financial information follows.

FINANCIAL UPDATE

The United States economic slowdown that began in March 2001 ended Michigan's longest recorded period of expansion. Despite the bleak financial position the State of Michigan has faced since then, transportation revenues except for aviation fuel tax have increased. The revenues deposited in the Michigan Transportation Fund (MTF) increased by 3.2 percent in fiscal year 2002. The majority of these revenues are disbursed to the State Trunkline Fund, counties, and cities/villages for road and bridge purposes. The Comprehensive Transportation Fund also receives 10 percent of the MTF revenues for rail and transit use. Sales tax from auto-related sales deposited into the Comprehensive Transportation Fund increased 6.9 percent in fiscal year 2002. The only transportation-related revenue decrease was aviation fuel tax deposited into the Aeronautics Fund. The decrease was less than 1.0 percent, which is a tremendous improvement from declining revenues in fiscal year 2001 of 13 percent. The decline was due to the attack on the World Trade Center and it is expected that aviation fuel tax revenue will continue to improve.

Federal transportation dollars are authorized every six years. In fiscal year 2002, the federal authorization is tied to the Transportation Equity Act, also known as TEA-21. TEA-21 expires at the end of fiscal year 2003. The Governor, MDOT, and a coalition of interest groups are aggressively lobbying Congress on the reauthorization of the Transportation Equity Act in an effort to return more dollars to Michigan for road and bridge repair. Currently, Michigan receives 90.5 cents for every dollar it sends to the federal government. Though our ultimate goal is 100 percent return, Michigan believes it can realistically achieve 95 cents on the dollar.

The department's bond rating remains strong during the state's economic downturn, as did the State of Michigan bond rating. In fiscal year 2002, the department sold \$200 million of short term notes to finance the accelerated road and bridge program. The department also sold \$82 million of bonds to finance the transit program. Both bond series were rated at least AA-. The State of Michigan has an overall bond rating of AAA.

PROGRAM OVERVIEW

The road and bridge construction program continues to be on an accelerated schedule. Through bonding and constant assessment of the state's transportation needs via the Five Year Plan, fiscal year 2002 marks the fifth year that over \$1 billion was spent on the road and bridge program with emphasis placed on preservation, congestion reduction, safety improvements and meeting current economic development needs. The department's priorities include building strong relationships with the transportation industry and local governments to ensure taxpayer dollars support quality repairs that have long-term performance expectations.

The department maintains that transportation customer satisfaction is a priority. With fewer resources in place, the department changed the way it does business by becoming a leaner, more efficient service delivery provider. The department now delivers three times the road program with half the staff in comparison to the late 1980's. Major management strategies include: publication of a rolling five-year plan of road and bridge construction projects; establishing Transportation Service Centers in local communities to better foster contacts with customers; instituting a "corridor approach" that minimizes motorist inconvenience by coordinating construction activity on large-scale projects; providing incentives for early completion of high-impact projects; and requiring warranties on construction projects to ensure high quality performance.

A variety of transit programs continues to be offered by the department. The department supports programs related to marine service, intercity bus service, local public transit service and rail service. In fiscal year 2002, state and federal dollars accounted for \$185 million of local bus transportation services, \$11 million of intercity passenger services and \$10 million of rail freight services throughout the state.

The department also services airport activity and airport construction. There are 130 publicly-owned airports in Michigan. Approximately \$159 million was expended on airport improvements in fiscal year 2002, including completion of the ultramodern Midfield Terminal included within Detroit's Metropolitan Wayne County Airport. Overall, \$220 million was approved for airport projects in fiscal year 2002.

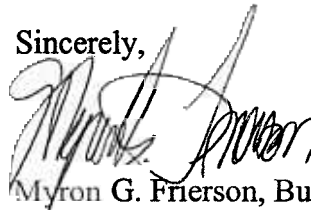
The department continues to be on the cutting edge of technology and developing innovative strategies to improve the safety and security of our transportation system. Managing and tracking road and bridge construction projects in a system called FieldManager is a fine example of this innovation. In fiscal year 2003, FieldManager was named as one of seven world-wide finalists in the Transportation category of Computerworld Honors 21st Century Achievement Award. FieldManager also was a finalist in several other prestigious awards including the 2002 CIO Magazine Enterprise Value Award.

CONCLUSION

As we move into fiscal year 2003, the new administration as well as the department will continue efforts to ensure that Michigan provides the highest quality transportation services for economic benefit and improved quality of life.

I wish to express my appreciation to the many people whose dedicated efforts made possible the preparation of this report. I believe their combined efforts have produced a report that will enable decision makers and concerned citizens to better understand and evaluate the department's financial condition.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Myron G. Frierson', is written over a light gray circular stamp or watermark.

Myron G. Frierson, Bureau Director
Finance and Administration

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 2002 and 2001
 (In Thousands)

	GOVERNMENTAL FUND TYPES					
	SPECIAL REVENUE		DEBT SERVICE		TOTALS (Memorandum Only)	
	2002	2001	2002	2001	2002	2001
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 2,142	\$ 394	\$ -	\$ -	\$ 2,142	\$ 394
Equity in Common Cash	1,292,027	1,181,848	190	-	1,292,217	1,181,848
Receivables:						
Taxes, interest, and penalties(at net)	122,315	114,943	-	-	122,315	114,943
Federal aid	192,287	188,973	-	-	192,287	188,973
Local units	58,806	39,285	-	-	58,806	39,285
Other funds and Components	62,133	65,692	-	-	62,133	65,692
Miscellaneous	16,957	11,576	-	-	16,957	11,576
Inventories	8,287	8,079	-	-	8,287	8,079
Total Current Assets	1,754,955	1,610,791	190	-	1,755,145	1,610,791
Noncurrent Assets:						
Receivables:						
Taxes	4,322	6,347	-	-	4,322	6,347
Federal aid	-	-	-	-	-	-
Local units	40,069	40,301	-	-	40,069	40,301
Advances to other funds	27,734	26,442	-	-	27,734	26,442
Land contracts	3,007	3,935	-	-	3,007	3,935
Miscellaneous	2,604	2,935	-	-	2,604	2,935
Total Noncurrent Assets	77,736	79,958	-	-	77,736	79,958
Total Assets	\$ 1,832,691	\$ 1,690,749	\$ 190	\$ -	\$ 1,832,881	\$ 1,690,749
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 11,932	\$ 12,982	\$ -	\$ -	\$ 11,932	\$ 12,982
Accounts payable	499,325	448,992	190	-	499,515	449,182
Contract reserve payable	19,336	16,240	-	-	19,336	16,240
Due to other funds and Components	95,075	66,299	-	-	95,075	66,299
Deposits, permits and other liabilities	1,332	3,735	-	-	1,332	3,735
Deferred revenue	42,392	28,212	-	-	42,392	28,212
Total Current Liabilities	669,392	576,461	190	-	669,582	576,461
Long-Term Liabilities:						
Deferred revenue	21,597	24,859	-	-	21,597	24,859
Advances from other funds	27,734	26,442	-	-	27,734	26,442
Total Liabilities	718,722	627,762	190	-	718,913	627,762
Fund Balance:						
Reserved for encumbrances	62,716	70,267	-	-	62,716	70,267
Reserved for unencumbered restricted revenue balances	239,252	216,691	-	-	239,252	216,691
Reserved for unencumbered capital outlay and work projects	203,850	136,990	-	-	203,850	136,990
Reserved for revolving funds	31,590	38,146	-	-	31,590	38,146
Reserved for construction & debt service	45,315	35,902	-	-	45,315	35,902
Reserved for noncurrent assets	29,690	25,985	-	-	29,690	25,985
Total Reserves	612,412	523,982	-	-	612,412	523,982
Unreserved	501,556	539,006	-	-	501,556	539,006
Total Fund Balances	1,113,968	1,062,988	-	-	1,113,968	1,062,988
Total Liabilities and Fund Balances	\$ 1,832,691	\$ 1,690,749	\$ 190	\$ -	\$ 1,832,881	\$ 1,690,749

The accompanying notes are an integral part of the financial statements.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001
(In Thousands)

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE			
	2002	2001	2002	2001	2002	2001
REVENUES						
Taxes	\$ 1,995,635	\$ 1,925,948	\$ -	\$ -	\$ 1,995,635	\$ 1,925,948
License and permits	74,398	74,141	-	-	74,398	74,141
Federal aid	944,540	988,275	-	-	944,540	988,275
Local participation	133,273	121,320	-	-	133,273	121,320
Interest earnings	22,042	32,890	-	-	22,042	32,890
Non-operating revenue-bridges	2,223	2,309	-	-	2,223	2,309
Miscellaneous revenue	<u>41,191</u>	<u>33,220</u>	<u>1</u>	<u>1</u>	<u>41,191</u>	<u>33,221</u>
Total Revenues	<u>3,213,301</u>	<u>3,178,102</u>	<u>1</u>	<u>1</u>	<u>3,213,301</u>	<u>3,178,104</u>
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	384,719	378,971	-	-	384,719	378,971
Bus operating assistance grants	172,043	165,625	-	-	172,043	165,625
Other grants	1,127,295	1,141,957	-	-	1,127,295	1,141,957
Airport development	153,249	124,736	-	-	153,249	124,736
Non-operating expenditures-bridges	2,152	2,286	-	-	2,152	2,286
Trust fund construction activity	277,694	244,617	-	-	277,694	244,617
Capital lease payments	252	463	-	-	252	463
Costs of issuance	-	-	1,299	293	1,299	293
Bond principal retirement	-	-	30,820	29,135	30,820	29,135
Bond interest and fiscal charges	<u>-</u>	<u>-</u>	<u>57,224</u>	<u>40,758</u>	<u>57,224</u>	<u>40,758</u>
Total Administration and Operations	<u>2,117,404</u>	<u>2,058,654</u>	<u>89,343</u>	<u>70,186</u>	<u>2,206,747</u>	<u>2,128,841</u>
Capital Outlay:						
Roads and bridges	1,144,124	1,174,939	-	-	1,144,124	1,174,939
Other capital outlay	<u>12,654</u>	<u>15,164</u>	<u>-</u>	<u>-</u>	<u>12,654</u>	<u>15,164</u>
Total Capital Outlay	<u>1,156,778</u>	<u>1,190,103</u>	<u>-</u>	<u>-</u>	<u>1,156,778</u>	<u>1,190,103</u>
Total Expenditures	<u>3,274,182</u>	<u>3,248,757</u>	<u>89,343</u>	<u>70,186</u>	<u>3,363,525</u>	<u>3,318,944</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,881)</u>	<u>(70,655)</u>	<u>(89,342)</u>	<u>(70,185)</u>	<u>(150,224)</u>	<u>(140,840)</u>
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution	801,587	793,491	-	-	801,587	793,491
Grants and transfers from other funds	230,438	201,091	88,044	69,893	318,482	270,984
Proceeds from notes issued	200,000	400,000	-	-	200,000	400,000
Proceeds from bonds issued	82,310	308,200	187,490	27,765	269,800	335,965
Premium on bonds issued	<u>6,722</u>	<u>3,901</u>	<u>12,653</u>	<u>600</u>	<u>19,375</u>	<u>4,501</u>
Total Other Financing Sources	<u>1,321,057</u>	<u>1,706,684</u>	<u>288,187</u>	<u>98,258</u>	<u>1,609,244</u>	<u>1,804,942</u>
OTHER FINANCING USES						
Michigan Transportation Fund distribution	801,587	793,491	-	-	801,587	793,491
Grants and transfers to other funds	319,937	229,351	1	1	319,937	229,352
Debt service	88,044	68,898	-	-	88,044	68,898
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>198,844</u>	<u>28,072</u>	<u>198,844</u>	<u>28,072</u>
Total Other Financing Uses	<u>1,209,568</u>	<u>1,091,740</u>	<u>198,845</u>	<u>28,074</u>	<u>1,408,412</u>	<u>1,119,814</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>111,489</u>	<u>614,943</u>	<u>89,342</u>	<u>70,185</u>	<u>200,831</u>	<u>685,128</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	50,608	544,288	-	-	50,608	544,288
Fund balances-Beginning of fiscal year	1,063,361	519,072	-	-	1,063,361	519,072
Fund balances-End of fiscal year	<u>\$ 1,113,968</u>	<u>\$ 1,063,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,968</u>	<u>\$ 1,063,361</u>

The accompanying notes are an integral part of the financial statements.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS

FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001
(In Thousands)

(Statutory/Budgetary Basis)	2002		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 1,995,635	\$ 1,995,635	\$ -
License and permits	74,398	74,398	-
Federal aid	701,066	701,066	-
Local participation	47,907	47,907	-
Interest earnings	13,546	13,546	-
Non-operating revenue-bridges	2,223	2,223	-
Miscellaneous revenue	40,955	40,955	-
Total Revenues	2,875,730	2,875,730	-
EXPENDITURES AND ENCUMBRANCES			
Administration and maintenance	441,793	402,020	39,773
Bus operating assistance grants	176,291	172,043	4,248
Other grants	1,243,381	1,159,620	83,761
Airport development	156,871	156,072	798
Non-operating expenditure-bridges	2,223	2,152	71
Total Administration and Operations	2,020,559	1,891,907	128,652
Roads and bridges	792,448	780,886	11,563
Other capital outlay	61,588	16,248	45,340
Total Capital Outlay	854,037	797,134	56,903
Total Expenditures and Encumbrances	2,874,596	2,689,041	185,554
Excess Revenue Over (Under) Expenditures and Encumbrances	1,134	186,689	185,554
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	801,587	801,587	-
Grants and transfers from other funds	216,909	216,909	-
Total Other Financing Sources	1,018,496	1,018,496	-
OTHER FINANCING USES			
Michigan Transportation Fund distribution	812,540	801,587	10,953
Grants and transfers to other funds	301,192	303,834	(2,642)
Debt service	88,492	88,044	447
Total Other Financing Uses	1,202,223	1,193,465	8,758
Excess Other Financial Sources Over (Under) Other Financial Uses	(183,728)	(174,969)	8,758
Excess of Revenue and Other Financial Sources Over (Under) Expenditures, Encumbrances and Other Financial Uses	\$ (182,594)	11,719	\$ 194,313
RECONCILING ITEMS			
Encumbrances at September 30		62,716	
Funds not annually budgeted		(23,828)	
Net Reconciling Items		38,888	
Excess of Revenue and Other Financial Sources Over (Under) Expenditures and Other Financial Uses (GAAP Basis)		50,608	
FUND BALANCES (GAAP BASIS)			
Beginning balance		1,063,361	
Ending balances		\$ 1,113,968	

The accompanying notes are an integral part of the financial statements.

2001		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 1,925,948	\$ 1,925,948	\$ -
74,141	74,141	-
773,730	773,730	-
57,711	57,711	-
27,667	27,667	-
2,309	2,309	-
33,218	33,218	-
2,894,724	2,894,724	-
434,668	401,862	32,805
166,306	166,273	33
1,256,846	1,174,335	82,511
128,633	127,641	992
2,309	2,286	23
1,988,762	1,872,398	116,365
924,693	924,137	556
57,093	20,762	36,331
981,786	944,899	36,887
2,970,548	2,817,296	153,252
(75,824)	77,428	153,252
793,491	793,491	-
194,761	194,761	-
988,252	988,252	-
799,217	793,491	5,726
232,344	224,327	8,018
68,898	68,898	-
1,100,460	1,086,716	13,744
(112,208)	(98,464)	13,744
\$ (188,032)	(21,036)	\$ 166,996
	70,267	
	495,057	
	565,325	
	544,288	
	519,072	
\$	1,063,361	

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 1: Significant Accounting Policies

A. Reporting Entity

These financial statements report the financial activity of transportation related funds administered by the Department of Transportation (Department). Department administered funds by classification are:

Special Revenue

State Aeronautics Fund
State Trunkline Fund
Michigan Transportation Fund
Transportation Related Trust Fund
Blue Water Bridge Fund
Comprehensive Transportation Fund
Combined State Trunkline Fund Bond Proceeds Fund
Combined Comprehensive Transportation Bond Proceeds Fund
Expendable Trust Fund

Debt Service

Combined State Trunkline Bond and Interest Redemption Fund
Combined Comprehensive Transportation Bond and Interest Redemption Fund

The above funds are a part of the State of Michigan reporting entity and are reported in the State of Michigan Comprehensive Annual Financial Report (SOMCAFR). The SOMCAFR provides general disclosures regarding summary of significant accounting policies, treasurer's common cash, pension benefits, compensated absences (annual leave and sick leave accumulations), general long-term obligations, interfund receivables and payables, contingencies, and commitments.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

On September 1, 2000, the International Bridge Authority paid off the 40 year bonds which financed the construction of the International Bridge at Sault Ste. Marie, Michigan. As a result, the International Bridge Authority was dissolved, and the Michigan Department of Transportation (MDOT) and the St. Mary's River Bridge Company (SMRBC), a Canadian Corporation, share ownership of the International Bridge. A 40 year intergovernmental agreement between MDOT and SMRBC went into effect on September 1, 2000. This agreement formed the Joint International Bridge Authority (JIBA) and the International Bridge Administration (IBA). The JIBA is a non-profit organization with six members. Three members are selected by the Governor of Michigan and three by SMRBC, which is controlled by the Minister of Transport. The IBA is made up of MDOT employees who are responsible for the administration, operation, repair, and improvement of the International Bridge. Revenue from bridge tolls covers the expenses of the IBA. Neither owner is required to provide financial support for the bridge.

Summary financial information for the International Bridge Authority's new audit period of sixteen months, which ended December 31, 2001, follows (in thousands):

Assets	\$ 5,851
Liabilities	857
Total Equity	4,993
Total Revenues and Other Sources	6,765*
Total Expenditures and Other Uses	4,189
Excess of Revenue and Other Sources	
Over (Under) Expenditures and Other Uses	2,575

* Total Revenues includes a \$341 gain on the sale of Fixed Assets.

The Mackinac Bridge Authority (Authority), a component unit of the State of Michigan, is reported in the SOMCAFR and is not reported in these statements. The Authority issues its own audited financial statements. Further information regarding the relationship between the Department and the Authority is provided in Note 10 of this report.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

B. Basis of Presentation

The financial transactions of the Department are recorded in individual funds in the Michigan Administrative Information System (MAIN). The various transportation funds are combined in the SOMCAFR into fund types described as follows:

Governmental Fund Types

Special Revenue Funds: This fund group includes operating funds that account for the proceeds of certain specific revenue sources, which are legally restricted for specified purposes.

Debt Service Funds: This group accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TOTALS (MEMORANDUM ONLY)

Amounts in the "total - memorandum only" columns represent summations of the fund types and account groups and are presented only for analytical purposes. The summations include interfund transactions, which have not been eliminated, and the captioned "amounts to be provided," which are not assets in the usual sense. Consequently, amounts shown in the "total - memorandum only" columns are not comparable to a consolidation.

C. Basis of Accounting

The financial statements contained in this report are prepared on the modified accrual basis of accounting. The modified accrual basis of accounting, fiscal year ends, and accounting practices are explained in more detail in the SOMCAFR.

D. Calculation Practice

Amounts recorded in the Department's financial statements are rounded to thousands of dollars, unless otherwise noted. Because of this, the amounts may not add to the totals.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

E. Reserved Fund Balance

A comparative analysis of the State Trunkline Fund reserved fund balance at September 30, 2002 and September 30, 2001, follows (in thousands):

	FY 2002	FY 2001
Reserves:		
Capital Outlay:		
Facilities	\$ 19,101	\$ 23,414
Institutional Roads	1,567	856
Rail Grade Crossing	--	--
Critical Bridge	--	--
Road and Bridge	169,899	93,758
Total Capital Outlay Reserves	190,567	118,028
Encumbrances	21,128	28,948
Restricted Revenue	232,920	209,164
Work Projects	5,037	7,220
Revolving Loan Program	18,390	21,746
Construction and Debt Service	45,315	35,902
Noncurrent Assets:		
Capital Equipment Loans	21,325	18,296
Maintenance Advances	8,365	7,689
Local Unit Loans	--	--
Total Noncurrent Assets	<u>29,690</u>	<u>25,985</u>
Total Reserved Fund Balance	<u>\$ 543,047</u>	<u>\$ 446,993</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 2: Budgeting and Budgetary Control

The SOMCAFR provides disclosures regarding budgetary control. The budget column of the budget to actual statement represents legislative authorization after adjustments for carry-overs, transfers, and restricted revenue shortfalls. "Favorable variances" generally reflect unused general purpose spending authority ("lapses") and/or unused restricted revenue authority, which carry over as a reservation of fund balance and/or general purpose revenue exceeding estimates. "Unfavorable variances" reflect either general purpose revenue estimate shortfalls or budgetary overdrafts. If both favorable and unfavorable variances exist for a particular line, the amount shown is the net variance.

In 2002 and 2001, amounts were appropriated in the Blue Water Bridge Fund for operational costs and for partial repayment of the loan due to the State Trunkline Fund. Loan repayments made in fiscal years 2002 and 2001 were \$1.7 million and \$2.5 million, respectively. The repayment reduced amounts due to other funds. No expenditures were incurred and the related appropriation lapsed.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 3: Current Receivables

A. Contested and Delinquent Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2002 and 2001, and will be collected within 12 months. Receivables not due for collection within 12 months are classified as long-term assets with an offsetting deferred revenue or fund balance reserve. Due to the uncertainty associated with contested receivables in litigation or pending litigation and delinquent receivables referred to a third party for collection, these receivables are recorded in an allowance for doubtful accounts, with the net amount reported in the financial statements (in thousands).

	<u>Contested</u>		<u>Delinquent</u>		<u>Fund Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
State Aeronautics Fund	\$5,594	\$ 769	\$ --	\$ --	\$ 5,594	\$ 769
State Trunkline Fund	--	--	5,277	603	5,277	603
Comprehensive Transportation Fund	3,000	3,000	271	271	3,271	3,271
State Trunkline Bond Proceeds Fund	--	--	264	264	264	264
Transportation Related Trust Fund	--	--	3	9	3	9
Total Allowance for Doubtful Accounts	<u>\$ 8,594</u>	<u>\$ 3,769</u>	<u>\$ 5,815</u>	<u>\$ 1,147</u>	<u>\$ 14,409</u>	<u>\$4,916</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, \$400 million and \$227.8 million, and allowances for uncollectible receivables, \$271.3 million and \$118.4 million, were recorded for motor fuel taxes due to the fund as of September 30, 2002 and 2001, respectively. The reporting of a gross receivable net of a related allowance for uncollectible accounts is consistent with the treatment of other taxes receivable reported in the SOMCAFR.

Note 3 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

C. Federal Highway Administration (FHWA) Receivable

The Department recorded federal aid receivables in the State Trunkline Fund, State Trunkline Bond Proceeds Fund, and Transportation Related Trust Fund totaling \$141.6 million and \$154.4 million for the fiscal years ending September 30, 2002 and 2001, respectively. Of those amounts \$61.8 million and \$64.4 million, respectively, were recorded from the ATo-Be-Billed Summary@. The ATo-Be-Billed Summary@ consists primarily of project costs that exceeded the contract amounts agreed to by the FHWA and represent federal funds earned by the Department but not requested for reimbursement. Consistent with past practices, contract amounts will be increased as federal aid becomes available. No long-term federal aid receivables were recorded for fiscal year ending September 30, 2002.

D. Advance Construction

Under an agreement with FHWA, the Department has, over a period of years, qualified a number of construction projects without placing them under a reimbursement agreement. These deferred federal aid projects may be converted to current reimbursement at the option of the Department, provided that there are adequate federal aid allocations. The arrangement was worked out between the states and the federal government so that the states could obtain federal reimbursement not received during the construction period, in case a relatively greater amount of federal aid became available at some later date or to assist in balancing the federal aid from year to year. At the end of fiscal year 2001, the Department had \$213,292,858 of State Trunkline expenditures on projects not under reimbursement agreement. \$72,107,699 of these expenditures were placed under reimbursement agreement by the end of fiscal year 2002. The remaining \$141,185,159 is included in the fiscal year 2002 amount below. At the end of fiscal year 2002, the Department had \$353,752,751 of State Trunkline expenditures on projects not under reimbursement agreement.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 4: General Long-Term Obligations

A. Revenue Dedicated Bonded Debt

The Department has periodically issued long-term bonds for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The State of Michigan's general credit does not support such issues. Public Act 51 of 1951, as amended, provides that monies deposited in the State Trunkline Fund and/or the Comprehensive Transportation Fund are appropriated for specific purposes in order of priority. A sufficient portion of the State Trunkline Fund and the Comprehensive Transportation Fund is irrevocably appropriated to pay, when due, the principal of and interest outstanding on bonds and notes. The State Trunkline Series 1989-A, and the State Trunkline Series 1992 A and B bond issues included capital appreciation bonds (zero coupon bonds) with an ultimate maturity value of \$35.7 million and \$97.7 million, respectively. These bonds are recorded in the amounts of \$26.7 million and \$65.0 million, respectively, which are the accreted values at September 30, 2002. These bonds mature in the years 2004 to 2009, and 2006 to 2013, respectively.

Revenue Dedicated Bonded Debt
Department of Transportation (in thousands)

	Amounts Issued	Outstanding		Maturities		Average Interest Rate %
		9/30/02	9/30/01	First Year	Last Year	
MI Comprehensive Transportation:						
1992 (Series A & B)	164,965		104,680	1996	2022	5.96
1996 (Series A Refunding)	22,650	22,280	22,360	1998	2014	5.42
1998 (Series A Refunding)	38,640	38,640	38,640	2005	2011	4.66
2001 (Series A Refunding)	27,765	27,765	27,765	2008	2022	5.01
2002 (Series A Refunding)	89,620	89,620		2003	2011	5.06
2002 (Series B)	82,310	82,310		2004	2022	5.13
State Trunkline Funds:						
1989 (Series A)	135,779	26,702	24,946	1994	2009	6.97
1992 (Series A & B)	353,210	76,045	172,281	1999	2013	6.16
1994 (Series A & B)	240,990	18,625	34,445	1996	2006	5.53
1996 (Series A)	54,500	6,635	10,290	1998	2008	5.71
1998 (Series A Refunding)	377,890	377,890	377,890	2006	2027	5.09
2001 (Series A)	308,200	308,200	308,200	2003	2031	5.27
2002 (Series A Refunding)	<u>97,870</u>	<u>97,870</u>	<u> </u>	2004	2022	4.71
Total Revenue						
Dedicated Bonded Debt	\$ 1,829,424	\$ 1,172,582	\$ 1,121,497			

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Advance Refunding and Defeasance

The Department has issued refunding bond issues to finance the advance refunding of selected bond issues. A portion of the proceeds of the refunding issues were placed in trust and used to purchase securities of the U.S. Government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt. These assets are administered by a trustee and are restricted for the retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements, as the Department defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transaction.

The following table summarizes the defeased bonds outstanding at September 30, 2002 and 2001:

Summary of Refunding Transactions
(In Millions)

<u>Bond Series</u>	<u>Amount Refunded</u>	<u>Balance with Trustee</u>	
		<u>2002</u>	<u>2001</u>
Comprehensive Transportation Bonds:			
Series 1992A	32.6	0.0	32.4
State Trunkline Fund Bonds:			
Series 1992A	194.2	194.2	131.2
Series 1992B	83.4	83.4	56.8
Series 1994A	120.3	120.3	112.8
Series 1996A	<u>43.9</u>	<u>43.9</u>	<u>41.2</u>
TOTAL	<u>\$475.1</u>	<u>\$441.9</u>	<u>\$374.4</u>

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

B. Revenue Dedicated Notes Payable

The Department issued Grant Anticipation Notes in fiscal years ending 2001 and 2002. The Notes have variable rates that may bear interest at a daily interest rate, a weekly rate, note interest term rate, long-term interest rate, or an ARS interest rate. The Notes are issued in accordance with the authorization provided in P.A. 51 of 1951, as amended. The principal and interest on the Notes are payable solely from and are secured by an irrevocable pledge of the State share of all federal grants received each year under the Federal-Aid Highway Program.

Revenue Dedicated Notes Payable
Department of Transportation (in thousands)

	Amounts Issued	Outstanding		Maturities
		9/30/02	9/30/01	
2001 (Series A, B, C, D)	400,000	400,000	400,000	2008
2002 (Series A, B, C, D)	<u>200,000</u>	<u>200,000</u>	--	2009
Total Revenue				
Dedicated Notes Payable	\$ 600,000	\$ 600,000	\$ 400,000	

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

C. Other General Long-Term Obligations

Capital Leases:

Capitalized lease liabilities are described in more detail in Note 5.

Compensated Absences:

Compensated absences liabilities are detailed in Note 6.

Claims and Judgments:

The liability recorded for claims and judgments consists of projected amounts for highway- related negligence cases based upon historical loss ratios. It should be stressed that the Department continues to vigorously contest all of these claims and that the Department may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the losses exceed the projected amounts).

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Changes in General Long-term Obligations:

Changes in general long-term obligations (in thousands) for the fiscal year ended September 30, 2002 and 2001, are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	2002	2001	2002	2001
Bonds and Capital Lease Obligations:				
Balance - Beginning	\$ 1,121,496	\$ 836,704	\$ 2,108	\$ 2,361
New bond issues/capital lease additions and adjustments	269,800	335,965	--	--
Accretion on Capital Appreciation Bonds	5,651	5,302	--	--
Bond principal retirements/ capital lease payments and adjustments	<u>(224,365)</u>	<u>(56,475)</u>	<u>(1,105)</u>	<u>(253)</u>
Balance - Ending	\$ <u>1,172,582</u>	\$ <u>1,121,496</u>	\$ <u>1,002</u>	\$ <u>2,108</u>

	Claims and Judgments		Compensated Absences Liabilities	
	2002	2001	2002	2001
Other Obligations:				
Balance - Beginning	\$ 4,628	\$ 5,906	\$ 29,654	\$ 32,847
Net increase (decrease) in estimated liabilities	<u>(3,500)</u>	<u>(1,278)</u>	<u>(765)</u>	<u>(3,193)</u>
Balance - Ending	\$ <u>1,128</u>	\$ <u>4,628</u>	\$ <u>30,419</u>	\$ <u>29,654</u>

This footnote has been modified for fiscal year 2002 to include all of the department's general long-term obligations.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 5: Leases

The Department leases office facilities under noncancelable leasing arrangements. Most leases have cancellation clauses with one to six month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote. Leases that are in the nature of acquisitions are classified as "capital" leases, therefore assets and liabilities are recorded at lease inception. Other leases are classified as "operating" leases, and these are treated as rent commitments rather than acquisitions.

Actual rental expenditures incurred under operating leases totaled \$1,999,558 and \$1,926,704 during fiscal years 2002 and 2001, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2002 follows (in thousands):

Noncancelable Lease Commitments					
Fiscal Year 2002					
Fiscal Year Ended September 30	Operating Leases	Capital Leases			
		<u>Principal</u>	<u>Interest</u>	<u>Executory</u>	<u>Total</u>
2003	\$ 1,934	\$ 84	\$ 76	\$ 56	\$ 216
2004	1,218	92	68	56	216
2005	792	100	60	56	216
2006	168	109	50	56	216
2007	48	120	40	56	216
<u>2008 - 2015</u>	<u>32</u>	<u>497</u>	<u>91</u>	<u>143</u>	<u>732</u>
Total	<u>\$ 4,192</u>	<u>\$ 1,002</u>	<u>\$ 385</u>	<u>\$ 423</u>	<u>\$ 1,810</u>

The above schedule is consistent with SOMCAFR in that it does not include leases for state owned buildings, leases for an amount less than \$10,000, lease extensions less than 12 months and lease payment changes less than \$200.

All of the above capital leases are related to governmental fund operations and the total of capital lease principal is recorded in the government-wide statements of the SOMCAFR.

Note 5 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2002 and 2001, follows (in thousands):

	<u>2002</u>	<u>2001</u>
Buildings	\$1,320	\$2,903
Equipment	<u> --</u>	<u> --</u>
TOTAL	<u><u>\$1,320</u></u>	<u><u>\$2,903</u></u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 6: Employee Benefits - Retirement and Compensated Absences

A. Retirement Contributions

Department of Transportation employees are members of the State Employees' Retirement System. Retirement contributions are expended from the Department's special revenue funds to the State Employees' Retirement Fund.

The Department's retirement contributions were as follows (in thousands):

	<u>2002</u>	<u>2001</u>
State Trunkline Fund	\$18,961	\$19,801
Comprehensive Transportation Fund	643	651
State Aeronautics Fund	<u>404</u>	<u>429</u>
Total Department of Transportation Contributions	<u><u>\$20,008</u></u>	<u><u>\$20,882</u></u>

B. Compensated Absences

The Department has accrued liabilities for compensated absences as required by GASB. Liabilities related to governmental fund types are recorded in the government-wide statements in the SOMCAFR, unless the liability is "due and payable" (i.e., liabilities are recognized in the year employee leaves State service) at year-end. The amount "due and payable" is reflected in the "Accounts payable" line of the applicable fund's balance sheet.

Note 6 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2002 and 2001 (in thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
State Trunkline						
Fund	\$15,165	\$14,502	\$13,106	\$13,011	\$28,271	\$27,513
Comprehensive						
Transportation Fund	626	641	542	471	1,168	1,112
State Aeronautics						
Fund	530	548	313	323	843	872
Blue Water Bridge	<u>90</u>	<u>88</u>	<u>77</u>	<u>70</u>	<u>168</u>	<u>158</u>
TOTAL	<u>\$16,411</u>	<u>\$15,778</u>	<u>\$14,037</u>	<u>\$13,876</u>	<u>\$30,449</u>	<u>\$29,654</u>

If a Department employee transfers to another department, the related compensated absence liability is assumed by the employee's new department.

For a more detailed explanation of retirement benefits and compensated absence accruals, refer to the SOMCAFR.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 7: Capital Assets

Capital assets owned by the Department, including property, plant, equipment, and infrastructure items (roads, bridges, ramps, railroads, rest areas, and welcome centers) are reported in the government-wide financial statements of the SOMCAFR. The capital assets reported by the Department have been expanded due to the implementation of GASB Statement No. 34. For more information on the reporting of capital assets under this Statement, see Note 9 of the SOMCAFR.

Classification: The following tables summarize, by major class of asset, fiscal year 2002 changes in reported costs for the Department's capital assets (in millions):

Changes in Capital Assets Fiscal Year 2002					
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$10,379.0	\$ 54.6	\$ (141.6)	\$ --	\$ 10,292.0
Land & Land Improvements	2,813.9	3.6	--	(2.9)	2,814.6
Bridges	1,215.9	90.1	(110.5)	--	1,195.5
Construction in Progress	458.3	533.5	(114.9)	--	876.9
<u>Capital assets, depreciated:</u>					
Ramps	419.5	20.9	(1.7)	58.4	497.0
Equipment	123.1	16.8	(7.3)	(18.9)	113.7
Buildings	85.2	11.3	(1.6)	26.1	121.1
Railroads	35.7	--	(.7)	--	35.0
Rest Areas & Welcome Centers	35.0	1.4	(.7)	18.9	54.6
Land Improvements	2.6	.2	--	--	2.8
Airports	1.9	--	--	--	1.9
<u>Less accumulated depreciation for:</u>					
Ramps	(245.9)	(19.5)	--	(6.0)	(271.4)
Equipment	(84.5)	(13.6)	7.2	10.6	(80.3)
Buildings	(33.4)	(2.4)	1.0	(1.6)	(36.4)
Railroads	(17.7)	(.9)	--	.3	(18.2)
Rest Areas & Welcome Centers	(18.8)	(1.3)	--	(5.7)	(25.8)
Land Improvements	(.6)	(.1)	--	--	(.7)
Airports	(.2)	(.1)	--	--	(.3)
Total Capital Assets	<u>\$15,169.0</u>	<u>\$694.5</u>	<u>\$(370.8)</u>	<u>\$79.2</u>	<u>\$15,572.0</u>

Note 7 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2002 (in millions):

<u>Fund</u>	<u>Investment @ 9/30/2002</u>
State Trunkline Fund	\$15,519.7
Comprehensive Transportation Fund	33.4
State Aeronautics Fund	<u>18.9</u>
Total Investment in Capital Assets	<u>\$15,572.0</u>

This footnote has been modified for fiscal year 2002 to include all of the department's capital assets.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 8: Excess of Expenditures Over Appropriation

Budgetary control for State Trunkline Fund, Blue Water Bridge Fund, State Aeronautics Fund, Michigan Transportation Fund, and Comprehensive Transportation Fund expenditures is established by line-item appropriation within each fund's total appropriation.

The Department incurred no overexpenditures in fiscal year 2002 or in fiscal year 2001.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 9: Interfund Transfers by the Michigan Transportation Fund

Interfund transfers are reported as other financing sources and uses on our Schedule of Revenues, Expenditures, and Changes in Fund Balances.

MDOT's most significant interfund transfer is the distribution of Michigan Transportation Fund (MTF) revenues to the State Trunkline Fund (STF) and Comprehensive Transportation Fund (CTF). This distribution is in accordance with section 247.660 of Public Act 51 of 1951, as amended.

MTF collects various taxes such as gasoline taxes, diesel taxes, motor carrier taxes, and vehicle license taxes. Before the distribution is calculated, various deductions are taken from MTF's total gross receipts. These deductions include funding for debt service payments, the Rail Grade crossing program, administrative costs for divisions within MDOT, and grants with other State agencies.

CTF receives ten percent of the remaining balance from MTF. After CTF's balance is distributed, additional deductions are taken for the Critical Bridge program, the Economic Development program, and the Local Road program. Three of the four cents a gallon that MDOT receives for gasoline taxes is then added to the total. STF receives 39.1 percent of the remaining balance.

Other transfers from MTF are also required by P.A. 51 of 1951, or the current year's appropriation bill. See the table below for MTF's interfund transfers in fiscal years 2002 and 2001.

<u>Interfund Transactions</u>	<u>FY 02</u>	<u>FY 01</u>
MTF Distribution - STF	\$641,056,029	\$634,294,118
MTF Distribution - CTF	160,530,656	159,197,092
Other State agencies	114,366,591	68,812,701
Debt Service	43,000,000	43,000,000
Economic Development Program	40,275,000	40,275,000
Local Road Program	33,000,000	33,000,000
Critical Bridge	7,383,948	7,384,167
Planning	5,840,700	4,555,555
Highways	2,543,489	3,015,027
Rail Grade Crossing	3,000,000	3,000,000
Railroad Safety & Tariffs	1,229,625	1,094,567
Finance and Administration	999,980	1,086,400
Worker's Compensation	35,900	35,900
Office of Information Management	<u>24,230</u>	<u>7,416</u>
-		
Total	<u>\$1,053,286,148</u>	<u>\$998,757,943</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 10: Component Unit - Mackinac Bridge Authority

The Mackinac Bridge Authority (Authority), which is reported as a governmental component unit in the SOMCAFR, has over the years received \$75.3 million of subsidies for operations (\$12.3 million) and debt service (\$63.0 million). These subsidies were provided by the State Trunkline Fund and the Michigan Transportation Fund, respectively, both of which are special revenue funds. The Authority redeemed its remaining bonds on July 1, 1986.

State statutes require that the Authority continue charging bridge tolls and begin repaying the State Trunkline Fund and the Michigan Transportation Fund for the subsidies provided. These repayments would continue until such time as the subsidies have been completely returned. Executive Order 1986-14 created the Governor's Mackinac Bridge Task Force to develop an advisory proposal concerning reimbursement of the subsidies, future funding of repair and renovation costs, and the bridge toll structure. The Authority has not recorded a liability, and the state funds have not recorded receivables for these subsidies, because the reimbursements are contingent upon future net revenues and because the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by the Authority after consideration of the Authority's annual needs for its operations and planned repairs and improvements.

The Authority repaid \$9,500,000 between fiscal years 1993 and 2001, with an additional \$250,000 repaid in fiscal year 2002, to the Michigan Transportation Fund. These repayments come directly from the revenue generated by bridge tolls and are not included as a financing use of the State Trunkline Fund. A balance of \$53,250,000 is owed to the Michigan Transportation Fund and a balance of \$12,306,172 is owed to the State Trunkline Fund.

For the fiscal year ended September 30, 2002, a current receivable of \$710,743.14 is recorded in the State Trunkline Fund's balance sheet as an amount due from component units for the authority's reimbursement of payroll and related expenses. An account payable due to the Department is recorded in the Authority's balance sheet.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

Note 11: Contingencies and Commitments

A. Litigation

The Department is party to various legal proceedings seeking damages and other relief including injunctive or mandatory relief. The ultimate disposition of such legal proceedings is not presently determinable, but such ultimate disposition and consequences of all these legal proceedings will not, themselves, in the opinion of the State of Michigan's Attorney General, have a materially adverse effect on the Department's financial position.

The Department accrues fund liabilities at year-end related to settled cases where the outcome and dollar amount of the claim is final. For unsettled cases, liability recognition or disclosure is recorded at the statewide level, dependent on whether the loss is probable or reasonably possible.

In March 2002, the County Road Association of Michigan (CRAM) and the Chippewa County Road Commission filed a lawsuit against John M. Engler and various State ~~department~~ directors concerning the provisions of Executive Order 2001-9. For further information on the lawsuit, see Note 23 of the fiscal year 2002 SOMCAFR.

As a result of Executive Order 2001-9 and the lawsuit, MDOT established a payable due to the State's General Fund for \$12.75 million within the Comprehensive Transportation Fund. Also, MDOT transferred \$20 million from the Michigan Transportation Fund to the Department of State, and established a payable due to Department of State for \$20 million associated with the collection of motor vehicle taxes and fees. In addition, MDOT transferred \$6.7 million from the Michigan Transportation Fund to the Department of Treasury for expenditures associated with the Department of Treasury's collection of motor vehicle taxes and fees.

B. Federal Grants

Federal revenues are generally subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. As of September 30, 2002 and 2001, the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

Note 11 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

C. Construction Projects

The Department has entered into construction contracts for transportation related special revenue funds and trust funds. As of September 30, 2002 and 2001, the balances remaining on these contracts equaled \$624.5 million and \$583.2 million, respectively. As of September 30, 2002 and 2001, the balances remaining on these contracts, less the trust fund equaled \$544.3 million and \$508.0 million, respectively. As of September 30, 2002 and 2001, the balances remaining on these contracts in the State Trunkline Fund equaled \$313.3 million and \$283.3 million, respectively.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

MICHIGAN TRANSPORTATION FUND

This fund, established by Public Act 51 of 1951, Section 10, as amended, is administered jointly by the Department of Transportation and the Department of State. In addition, some of the fund revenue is collected by the Department of Treasury. The fund is a receiving fund for the several tax revenues dedicated to highway purposes. Transfers are made to the General Fund to pay the cost of collection of the dedicated revenues and to the State Trunkline Fund, Comprehensive Transportation Fund, the Economic Development Sub-Fund, and the Recreation Improvement Sub-Fund in accordance with the statutory formula. Expenditures consist of grants to counties, cities, and villages for highway purposes in accordance with statutory formula.

STATE TRUNKLINE FUND

This fund provides for construction and maintenance of highways. Its overall budget is subject to annual legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Major financing sources are transfers from the Michigan Transportation Fund, federal aid, and local participation. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. In accordance with the annual appropriation act, unencumbered balances at fiscal year end are transferred to the road and bridge construction account.

In fiscal year 1988, the Economic Development Fund (EDF), a sub-fund, was created within the State Trunkline Fund. The statements for the State Trunkline Fund include the financial activity for EDF. A separate schedule summarizing EDF activity is included in the Statistical Section of this report.

BLUE WATER BRIDGE FUND

The fund was administratively established to account for the Blue Water Bridge project. Through provisions of Section 1012 in the federal ISTEA Act of 1991, the State Trunkline Fund received federal funds to be loaned to the Blue Water Bridge Fund for construction of the Blue Water Bridge project. Repayment of the \$45 million loan began in 1998. Repayments of the loan are expected to occur each fiscal year. The term of the loan will not exceed 30 years from the time the loan was obligated.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

COMPREHENSIVE TRANSPORTATION FUND

The Comprehensive Transportation Fund was created for the purpose of planning, developing and funding public transportation systems within the State. It was created by Public Acts 326, 327, and 328 of 1972, and Public Act 197 of 1973. In 1975, Public Acts 195, 196, and 239 were enacted, providing further additions and amendments to the laws governing this fund. Fund revenues consist primarily of federal and local revenues, a portion of vehicle-related sales tax, and transfers from the Michigan Transportation Fund. In accordance with statutory provisions, any unencumbered balance at fiscal year end lapses and reverts to the fund for appropriation in the following fiscal year.

STATE AERONAUTICS FUND

This fund, established by Public Act 327 of 1945, administers development and capital improvement projects for local airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal and local contributions and aviation fuel taxes. Expenditures and transfers are for administration and local airport improvement project costs. At fiscal year end, in accordance with the annual appropriation act, any unencumbered balance lapses and reverts to the fund for appropriation in the following fiscal year.

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined State Trunkline Fund Bond Proceeds Fund consists of the following funds:

1989 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$136 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

The State Transportation Commission approved issuance of \$136 million of Series A bonds in 1989. Approximately \$100 million of the proceeds are to be used for Transportation Economic Development Fund projects, and approximately \$30 million of the proceeds are to be used for the purchase of right-of-ways.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND (continued)

1992 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$205.2 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan, but are payable solely out of the funds restricted as to use for state trunkline purposes by Section 9 Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

1992 STATE TRUNKLINE FUND CRITICAL BRIDGE BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act of 1951, as amended, to account for the proceeds of up to \$30 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan, but are payable solely out of the funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

The State Transportation Commission approved the issuance of \$253.6 million of Series A bonds in 1992. Approximately \$30 million of the proceeds are to be used to finance the costs of reconstruction and repair of critical bridge projects.

1994 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$150 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Approximately \$149.2 million of the proceeds are to be used to finance the construction of various trunkline transportation projects.

1996 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$54.5 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds are to be used to finance the construction of various trunkline transportation projects and to pay the costs of issuance of the bonds.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND (continued)

2001 BUILD MICHIGAN III BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$308.2 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds are to be used to finance the construction of various trunkline transportation projects and to pay the costs of issuance of the bonds.

2001 & 2002 BUILD MICHIGAN II GRANT ANTICIPATION NOTES

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$400 million of state trunkline notes. The notes will be secured by a pledge of, and be payable solely from the State of Michigan's share of federal reimbursements for projects administered by the department and other eligible federal assistance that the department shall receive from the Federal Highway Administration with respect to federally-aided highway construction projects under or in accordance with Title 23 of the United States Code or any success highway program established under federal law, and the moneys in the Note Payment Fund. Proceeds of the notes will be used to provide the Department with funds to advance and accelerate the completion of the Build Michigan II highway program.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined Comprehensive Transportation Bond Proceeds Fund consists of the following funds:

1992 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$35.2 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan

Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

**MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002**

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND (cont.)

The State Transportation Commission approved the issuance of \$37.6 million of Series A bonds in 1992. Approximately \$35.2 million of the proceeds are to be used to finance the costs of construction and acquisition of comprehensive transportation projects.

In fiscal year 2001, the State Transportation Commission approved the issuance of \$27.8 million of Series A Bonds to refund the 1992 Series A Bonds. Proceeds from the sale of the bonds will be used to refund outstanding maturities and to pay issuance costs on the bonds.

2002 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$82.3 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

TRANSPORTATION RELATED TRUST FUND

To achieve administrative efficiencies, effective October 1, 1990, the Special Federal Bridge Replacement Trust Fund, the Federal County Road Trust Fund, the Federal Urban Transportation System Trust Fund, and the Highway Topics and Safety Program Trust Fund were combined in a single trust fund. The Metropolitan Planning Fund was added in fiscal year 2000. The functions and purposes of these funds, although combined in a single fund, remain unchanged. The following sub-funds are included:

SPECIAL FEDERAL BRIDGE REPLACEMENT TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1970, Section 144. The fund accounts for the federal, state, and local funding used to upgrade state and locally-owned bridges.

FEDERAL COUNTY ROAD TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1944, as amended. The

fund accounts for the federal, state, and local money expended to meet the road construction needs of rural areas and communities with populations less than 5,000.

**MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002**

TRANSPORTATION RELATED TRUST FUND (continued)

FEDERAL URBAN TRANSPORTATION SYSTEM TRUST FUND

This fund was created to administer provisions of the Federal Highway Act of 1970, as amended. The fund accounts for the federal, state, and local money expended to meet the road construction needs of communities with populations 5,000 or more.

HIGHWAY TOPICS AND SAFETY PROGRAM TRUST FUND

This fund was established in conjunction with the Federal Highway Acts of 1968 and 1973. The fund accounts for federal, state, and local money used to fund urban and road safety projects.

METROPOLITAN PLANNING FUND

This fund was established by the Federal Highway Act of 1973, Sections 112 and 134, to account for federal funds that reimburse local regional planning agencies for operating expenses.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2002 and 2001
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND	
	2002	2001	2002	2001
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 1,026	\$ 263
Equity in Common Cash	208,954	181,976	460,541	380,268
Receivable:				
Taxes, interest, and penalties (at net)	121,264	114,409	-	-
Federal aid	-	-	102,321	99,224
Local units	-	-	28,213	20,754
Other funds and components units	-	-	48,123	48,862
Miscellaneous	7,429	4,614	8,726	6,453
Inventories	-	-	8,287	8,079
Total Current Assets	337,647	300,999	657,237	563,904
Noncurrent Assets:				
Receivables:				
Taxes	4,307	6,347	-	-
Federal aid	-	-	-	-
Local units	-	-	35,566	37,173
Advances to other funds	-	-	27,734	26,442
Land contracts	-	-	3,007	3,935
Miscellaneous	-	-	-	-
Total Noncurrent Assets	4,307	6,347	66,306	67,549
Total Assets	\$ 341,954	\$ 307,345	\$ 723,544	\$ 631,454
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 654	\$ 1,430	\$ 6,854	\$ 6,786
Accounts payable	236,958	232,969	126,747	129,913
Contract reserve payable	-	-	7,988	10,200
Amounts due to other funds	78,060	54,634	849	1,314
Deposits, permits and other liabilities	-	-	657	2,881
Deferred revenue	21,974	11,966	8,696	2,976
Total Current Liabilities	337,647	300,999	151,791	154,069
Long-Term Liabilities:				
Deferred revenue	4,307	6,347	14,671	15,205
Advances from other funds	-	-	-	-
Total Liabilities	341,954	307,345	166,462	169,274
Fund Balances:				
Reserved for encumbrances	-	-	21,128	28,948
Reserved for unencumbered restricted revenue balances	-	-	232,920	209,164
Reserved for unencumbered capital outlay and work projects	-	-	195,604	125,248
Reserved for revolving loan programs	-	-	18,390	21,746
Reserved for construction & debt service	-	-	45,315	35,902
Reserved for noncurrent assets	-	-	29,690	25,985
Total Reserved	-	-	543,047	446,993
Unreserved	-	-	14,034	15,186
Total Fund Balances	-	-	557,081	462,179
Total Liabilities and Fund Balances	\$ 341,954	\$ 307,345	\$ 723,544	\$ 631,454

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2002	2001	2002	2001	2002	2001	2002	2001
\$ 52	\$ 63	\$ -	\$ 1	\$ 435	\$ 5	\$ 4	\$ -
16,789	17,019	59,308	69,653	21,554	11,082	434,171	514,108
-	-	-	-	1,051	535	-	-
-	-	6,247	12,754	44,418	21,797	5,430	23,078
-	-	361	344	14,524	3,751	501	1,874
-	-	12,848	12,090	-	-	1,162	4,740
59	11	406	133	84	40	136	4
-	-	-	-	-	-	-	-
16,900	17,093	79,171	94,975	82,067	37,211	441,405	543,805
-	-	-	-	15	-	-	-
-	-	-	-	-	-	-	-
-	-	3,713	2,154	790	974	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,604	2,935	-	-	-	-
-	-	6,317	5,089	805	974	-	-
\$ 16,900	\$ 17,093	\$ 85,488	\$ 100,064	\$ 82,872	\$ 38,184	\$ 441,405	\$ 543,805
\$ 58	\$ 4	\$ 2,398	\$ 876	\$ 613	\$ 891	\$ 597	\$ 1,499
134	171	10,432	21,118	62,526	13,291	28,951	23,075
-	-	27	39	849	983	1,158	1,126
2,208	5,017	12,778	41	17	26	-	-
-	-	675	854	-	-	-	-
801	646	-	-	4,941	5,092	529	969
3,200	5,837	26,311	22,927	68,946	20,283	31,234	26,669
-	-	2,604	2,935	15	373	-	-
27,734	26,442	-	-	-	-	-	-
30,934	32,279	28,915	25,862	68,961	20,656	31,234	26,669
-	-	38,713	38,379	2,874	2,940	-	-
-	-	6,332	7,373	-	154	-	-
-	-	430	-	7,816	11,742	-	-
-	-	11,000	14,200	2,200	2,200	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	56,475	59,952	12,890	17,036	-	-
(14,034)	(15,186)	98	14,250	1,021	492	410,171	517,136
(14,034)	(15,186)	56,573	74,202	13,912	17,528	410,171	517,136
\$ 16,900	\$ 17,093	\$ 85,488	\$ 100,064	\$ 82,872	\$ 38,184	\$ 441,405	\$ 543,805

	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2002	2001	2002	2001	2002	2001
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 625	\$ 62	\$ 2,142	\$ 394
Equity in Common Cash	90,708	7,742	-	-	1,292,027	1,181,848
Receivable:						
Taxes, interest, and penalties (at net)	-	-	-	-	122,315	114,943
Federal aid	-	-	33,871	32,119	192,287	188,973
Local units	-	-	15,207	12,562	58,806	39,285
Other funds and components units	-	-	-	-	62,133	65,692
Miscellaneous	-	-	117	319	16,957	11,576
Inventories	-	-	-	-	8,287	8,079
Total Current Assets	90,708	7,742	49,820	45,062	1,754,955	1,610,791
Noncurrent Assets:						
Receivables:						
Taxes	-	-	-	-	4,322	6,347
Federal aid	-	-	-	-	-	-
Local units	-	-	-	-	40,069	40,301
Bus and rail lease purchase	-	-	-	-	27,734	26,442
Land contracts	-	-	-	-	3,007	3,935
Miscellaneous	-	-	-	-	2,604	2,935
Total Noncurrent Assets	-	-	-	-	77,736	79,958
Total Assets	\$ 90,708	\$ 7,742	\$ 49,820	\$ 45,062	\$ 1,832,691	\$ 1,690,749
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 88	\$ 2	\$ 670	\$ 1,494	\$ 11,932	\$ 12,982
Accounts payable	354	612	33,223	27,843	499,325	448,992
Contract reserve payable	-	-	9,315	3,892	19,336	16,240
Amounts due to other funds	-	-	1,162	5,268	95,075	66,299
Deposits, permits and other liabilities	-	-	-	-	1,332	3,735
Deferred revenue	-	-	5,451	6,565	42,392	28,212
Total Current Liabilities	442	614	49,820	45,062	669,392	576,461
Long-Term Liabilities:						
Deferred revenue	-	-	-	-	21,597	24,859
Advances from other funds	-	-	-	-	27,734	26,442
Total Liabilities	442	614	49,820	45,062	718,722	627,762
Fund Balances:						
Reserved for encumbrances	-	-	-	-	62,716	70,267
Reserved for unencumbered restricted revenue balances	-	-	-	-	239,252	216,691
Reserved for unencumbered capital outlay and work projects	-	-	-	-	203,850	136,990
Reserved for Revolving Loan Programs	-	-	-	-	31,590	38,146
Reserved for construction & debt service	-	-	-	-	45,315	35,902
Reserved for noncurrent assets	-	-	-	-	29,690	25,985
Total Reserved	-	-	-	-	612,412	523,982
Unreserved	90,266	7,128	-	-	501,556	539,006
Total Fund Balances	90,266	7,128	-	-	1,113,968	1,062,988
Total Liabilities and Fund Balances	\$ 90,708	\$ 7,742	\$ 49,820	\$ 45,062	\$ 1,832,691	\$ 1,690,749

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND	
	2002	2001	2002	2001
REVENUES				
Taxes	\$ 1,910,117	\$ 1,845,514	\$ -	\$ -
License and permits	58,024	54,671	15,794	18,898
Federal aid	-	-	567,187	655,096
Local participation	-	-	31,514	36,205
Interest earnings on common cash	4,496	10,985	7,473	12,669
Non-operating revenue-bridges	-	-	2,223	2,309
Miscellaneous revenue	258	381	27,220	18,495
Total Revenues	<u>1,972,895</u>	<u>1,911,550</u>	<u>651,411</u>	<u>743,674</u>
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	43	-	364,843	358,374
Bus operating assistance grants	-	-	-	-
Other grants	920,905	914,782	137,941	140,162
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	2,152	2,286
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	252	463
Total Administration and Operations	<u>920,948</u>	<u>914,782</u>	<u>505,188</u>	<u>501,286</u>
Capital Outlay:				
Roads and bridges	-	-	778,579	916,691
Other capital outlay	-	-	12,654	15,164
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>791,233</u>	<u>931,854</u>
Total Expenditures	<u>920,948</u>	<u>914,782</u>	<u>1,296,420</u>	<u>1,433,140</u>
Excess of Revenues Over (Under) Expenditures	<u>1,051,947</u>	<u>996,768</u>	<u>(645,009)</u>	<u>(689,466)</u>
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	641,056	634,294
Grants and transfers from other funds	1,340	1,990	189,732	174,508
Proceeds from notes issued	-	-	-	-
Proceeds from bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources	<u>1,340</u>	<u>1,990</u>	<u>830,788</u>	<u>808,802</u>
OTHER FINANCING USES				
Michigan transportation fund distribution	801,587	793,491	-	-
Grants and transfers to other funds	251,699	205,267	26,493	16,671
Debt service	-	-	64,383	44,892
Total Other Financing Uses	<u>1,053,286</u>	<u>998,758</u>	<u>90,877</u>	<u>61,563</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(1,051,947)</u>	<u>(996,768)</u>	<u>739,911</u>	<u>747,239</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	94,902	57,773
Fund balances-Beginning of fiscal year	-	-	462,179	404,406
Fund balances-End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,081</u>	<u>\$ 462,179</u>

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2002	2001	2002	2001	2002	2001	2002	2001
\$ -	\$ -	\$ 78,819	\$ 73,728	\$ 6,699	\$ 6,706	\$ -	\$ -
-	-	294	258	286	314	-	-
-	-	27,789	31,987	106,090	86,647	49,334	31,312
-	-	43	65	16,351	21,440	6,679	8,516
342	1,015	727	2,240	508	758	8,252	4,615
-	-	-	-	-	-	-	-
11,136	11,478	1,254	2,077	1,086	785	217	-
<u>11,478</u>	<u>12,493</u>	<u>108,926</u>	<u>110,356</u>	<u>131,020</u>	<u>116,651</u>	<u>64,482</u>	<u>44,444</u>
3,954	3,823	9,795	9,876	6,081	6,898	3	-
-	-	172,043	165,625	-	-	-	-
-	-	62,306	81,840	-	-	-	-
-	-	-	-	153,249	124,736	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,954</u>	<u>3,823</u>	<u>244,144</u>	<u>257,340</u>	<u>159,330</u>	<u>131,634</u>	<u>3</u>	<u>-</u>
1,529	6,309	-	-	-	-	364,016	251,939
-	-	-	-	-	-	-	-
<u>1,529</u>	<u>6,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,016</u>	<u>251,939</u>
<u>5,483</u>	<u>10,132</u>	<u>244,144</u>	<u>257,340</u>	<u>159,330</u>	<u>131,634</u>	<u>364,019</u>	<u>251,939</u>
<u>5,995</u>	<u>2,361</u>	<u>(135,218)</u>	<u>(146,984)</u>	<u>(28,310)</u>	<u>(14,984)</u>	<u>(299,537)</u>	<u>(207,496)</u>
-	-	160,531	159,197	-	-	-	-
-	-	1,238	1,103	24,599	17,160	8,640	31
-	-	-	-	-	-	200,000	400,000
-	-	-	-	-	-	-	308,200
-	-	-	-	-	-	-	3,901
<u>-</u>	<u>-</u>	<u>161,769</u>	<u>160,300</u>	<u>24,599</u>	<u>17,160</u>	<u>208,640</u>	<u>712,132</u>
-	-	-	-	-	-	-	-
2,534	41	22,829	2,083	279	265	16,068	5,013
2,309	2,308	21,351	21,698	-	-	-	-
<u>4,844</u>	<u>2,350</u>	<u>44,180</u>	<u>23,781</u>	<u>279</u>	<u>265</u>	<u>16,068</u>	<u>5,013</u>
<u>(4,844)</u>	<u>(2,350)</u>	<u>117,589</u>	<u>136,519</u>	<u>24,321</u>	<u>16,895</u>	<u>192,572</u>	<u>707,119</u>
1,152	11	(17,629)	(10,465)	(3,990)	1,912	(106,965)	499,624
(15,186)	(15,197)	74,202	84,667	17,901	15,990	517,136	17,512
<u>\$ (14,034)</u>	<u>\$ (15,186)</u>	<u>\$ 56,573</u>	<u>\$ 74,202</u>	<u>\$ 13,912</u>	<u>\$ 17,901</u>	<u>\$ 410,171</u>	<u>\$ 517,136</u>

	COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2002	2001	2002	2001	2002	2001
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,995,635	\$ 1,925,948
License and permits	-	-	-	-	74,398	74,141
Federal aid	-	-	194,139	183,232	944,540	988,275
Local participation	-	-	78,687	55,093	133,273	121,320
Interest earnings on common cash	244	607	-	-	22,042	32,890
Non-operating revenue-bridges	-	-	-	-	2,223	2,309
Miscellaneous revenue	7	2	11	-	41,191	33,220
Total Revenues	<u>251</u>	<u>609</u>	<u>272,838</u>	<u>238,325</u>	<u>3,213,301</u>	<u>3,178,102</u>
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	-	-	-	-	384,719	378,971
Bus operating assistance grants	-	-	-	-	172,043	165,625
Other grants	6,143	5,173	-	-	1,127,295	1,141,957
Airport development	-	-	-	-	153,249	124,736
Non-operating expenditures-bridges	-	-	-	-	2,152	2,286
Trust fund construction activity	-	-	277,694	244,617	277,694	244,617
Capital lease payments	-	-	-	-	252	463
Total Administration and Operations	<u>6,143</u>	<u>5,173</u>	<u>277,694</u>	<u>244,617</u>	<u>2,117,404</u>	<u>2,058,654</u>
Capital Outlay:						
Roads and bridges	-	-	-	-	1,144,124	1,174,939
Other capital outlay	-	-	-	-	12,654	15,164
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,778</u>	<u>1,190,103</u>
Total Expenditures	<u>6,143</u>	<u>5,173</u>	<u>277,694</u>	<u>244,617</u>	<u>3,274,182</u>	<u>3,248,757</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,892)</u>	<u>(4,563)</u>	<u>(4,856)</u>	<u>(6,291)</u>	<u>(60,881)</u>	<u>(70,655)</u>
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	-	801,587	793,491
Grants and transfers from other funds and Components	-	-	4,888	6,300	230,438	201,091
Proceeds from notes issued	-	-	-	-	200,000	400,000
Proceeds from bonds issued	82,310	-	-	-	82,310	308,200
Premium on bond issues	6,722	-	-	-	6,722	3,901
Total Other Financing Sources	<u>89,032</u>	<u>-</u>	<u>4,888</u>	<u>6,300</u>	<u>1,321,057</u>	<u>1,706,684</u>
OTHER FINANCING USES						
Michigan transportation fund distribution	-	-	-	-	801,587	793,491
Grants and transfers to other funds and Components	3	3	32	8	319,937	229,351
Debt service	-	-	-	-	88,044	68,898
Total Other Financing Uses	<u>3</u>	<u>3</u>	<u>32</u>	<u>8</u>	<u>1,209,568</u>	<u>1,091,740</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>89,030</u>	<u>(3)</u>	<u>4,856</u>	<u>6,291</u>	<u>111,489</u>	<u>614,943</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	83,138	(4,566)	-	-	50,608	544,288
Fund balances-Beginning of fiscal year	7,128	11,694	-	-	1,063,361	519,072
Fund balances-End of fiscal year	<u>\$ 90,266</u>	<u>\$ 7,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,968</u>	<u>\$ 1,063,361</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002
(In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,910,117	\$ 1,910,117	\$ -	\$ -	\$ -	\$ -
License and permits	58,024	58,024	-	15,794	15,794	-
Federal aid	-	-	-	567,187	567,187	-
Local participation	-	-	-	31,514	31,514	-
Interest earnings	4,496	4,496	-	7,473	7,473	-
Nonoperating revenue-bridges	-	-	-	2,223	2,223	-
Miscellaneous revenue	258	258	-	27,220	27,220	-
Total Revenues	1,972,895	1,972,895	-	651,411	651,411	-
EXPENDITURES AND ENCUMBRANCES						
Administration	-	43	(43)	413,017	381,806	31,211
Bus operating assistance grants	-	-	-	-	-	-
Other grants	934,947	920,905	14,042	196,690	137,941	58,749
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,223	2,152	71
Total Administration and Operations	934,947	920,948	13,999	611,930	521,898	90,032
Roads and bridges	-	-	-	788,408	779,357	9,052
Other capital outlay	-	-	-	61,588	16,248	45,340
Total Capital Outlay	-	-	-	849,997	795,605	54,391
Total Expenditures and Encumbrances	934,947	920,948	13,999	1,461,927	1,317,503	144,423
Excess of Revenue Over(Under) Expenditures and Encumbrances	1,037,948	1,051,947	13,999	(810,515)	(666,092)	144,423
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	641,056	641,056	-
Grants and transfers from other funds	1,340	1,340	-	189,732	189,732	-
Total Financing Sources	1,340	1,340	-	830,788	830,788	-
OTHER FINANCING USES						
Michigan transportation fund distribution	812,540	801,587	10,953	-	-	-
Grants and transfers to other funds	262,731	251,699	11,031	15,253	26,493	(11,241)
Debt service	-	-	-	64,384	64,383	-
Total Financing Uses	1,075,270	1,053,286	21,984	79,636	90,877	(11,241)
Excess Other Financial Sources Over(Under) Other Financial Uses	(1,073,931)	(1,051,947)	21,984	751,151	739,911	(11,241)
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (35,983)	-	\$ 35,983	\$ (59,364)	73,819	\$ 133,183
(Statutory/Budgetary Basis)						
Encumbrances at September 30		-			21,083	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			21,083	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		-			94,902	
FUND BALANCES (GAAP BASIS)						
Beginning of fiscal year		-			462,179	
End of fiscal year		\$ -			\$ 557,081	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 78,819	\$ 78,819	\$ -
-	-	-	294	294	-
-	-	-	27,789	27,789	-
-	-	-	43	43	-
342	342	-	727	727	-
-	-	-	-	-	-
11,136	11,136	-	1,254	1,254	-
11,478	11,478	-	108,926	108,926	-
10,414	3,999	6,415	11,250	10,040	1,210
-	-	-	176,291	172,043	4,248
-	-	-	111,743	100,774	10,970
-	-	-	-	-	-
-	-	-	-	-	-
10,414	3,999	6,415	299,285	282,857	16,428
4,040	1,529	2,511	-	-	-
-	-	-	-	-	-
4,040	1,529	2,511	-	-	-
14,454	5,528	8,926	299,285	282,857	16,428
(2,976)	5,950	8,926	(190,359)	(173,931)	16,428
-	-	-	160,531	160,531	-
-	-	-	1,238	1,238	-
-	-	-	161,769	161,769	-
-	-	-	-	-	-
-	2,534	(2,534)	22,795	22,829	(33)
2,309	2,309	-	21,799	21,351	447
2,309	4,844	(2,534)	44,594	44,180	414
(2,309)	(4,844)	(2,534)	117,175	117,589	414
\$ (5,285)	1,106	\$ 6,391	\$ (73,184)	(56,342)	\$ 16,842
	45			38,713	
	-			-	
	45			38,713	
	1,152			(17,629)	
	(15,186)			74,202	
\$ (14,034)			\$ 56,573		

	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL
REVENUES					
Taxes	\$ 6,699	\$ 6,699	\$ -	\$ -	\$ -
License and permits	286	286	-	-	-
Federal aid	106,090	106,090	-	-	-
Local participation	16,351	16,351	-	-	-
Interest earnings	508	508	-	-	-
Nonoperating revenue-bridges	-	-	-	-	-
Miscellaneous revenue	1,086	1,086	-	-	-
Total Revenues	131,020	131,020	-	-	-
EXPENDITURES AND ENCUMBRANCES					
Administration	7,113	6,132	981	-	-
Bus operating assistance grants	-	-	-	-	-
Other grants	-	-	-	-	-
Airport development	156,871	156,072	798	-	-
Nonoperating expenditure-bridges	-	-	-	-	-
Total Administration and Operations	163,984	162,204	1,779	-	-
Roads and bridges	-	-	-	-	-
Other capital outlay	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Expenditures and Encumbrances	163,984	162,204	1,779	-	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(32,964)	(31,185)	1,779	-	-
OTHER FINANCING SOURCES					
Michigan transportation fund distribution	-	-	-	-	-
Grants and transfers from other funds	24,599	24,599	-	-	-
Total Financing Sources	24,599	24,599	-	-	-
OTHER FINANCING USES					
Michigan transportation fund distribution	-	-	-	-	-
Grants and transfers to other funds	413	279	135	-	-
Debt service	-	-	-	-	-
Total Financing Uses	413	279	135	-	-
Excess Other Financial Sources Over(Under) Other Financial Uses	24,186	24,321	135	-	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (8,778)	(6,864)	\$ 1,914	-	-
(Statutory/Budgetary Basis)					
Encumbrances at September 30		2,874		-	-
Funds not annually budgeted		-		(106,965)	83,138
Net Reconciling Items		2,874		(106,965)	83,138
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		(3,990)		(106,965)	83,138
FUND BALANCES (GAAP BASIS)					
Beginning of fiscal year		17,901		517,136	7,128
End of fiscal year		\$ 13,912		\$ 410,171	\$ 90,266

TRANSPORTATION RELATED TRUST FUND		TOTALS		
ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
\$ -	\$ 1,995,635	\$ 1,995,635	\$ -	
-	74,398	74,398	-	
-	701,066	701,066	-	
-	47,907	47,907	-	
-	13,546	13,546	-	
-	2,223	2,223	-	
-	40,955	40,955	-	
-	2,875,730	2,875,730	-	
-	441,793	402,020	39,773	
-	176,291	172,043	4,248	
-	1,243,381	1,159,620	83,761	
-	156,871	156,072	798	
-	2,223	2,152	71	
-	2,020,559	1,891,907	128,652	
-	792,448	780,886	11,563	
-	61,588	16,248	45,340	
-	854,037	797,134	56,903	
-	2,874,596	2,689,041	185,554	
-	1,134	186,689	185,554	
-	801,587	801,587	-	
-	216,909	216,909	-	
-	1,018,496	1,018,496	-	
-	812,540	801,587	10,953	
-	301,192	303,834	(2,642)	
-	88,492	88,044	447	
-	1,202,223	1,193,465	8,758	
-	(183,728)	(174,969)	8,758	
-	\$ (182,594)	11,719	\$ 194,313	
-		62,716		
-		(23,828)		
-		38,888		
-		50,608		
-		1,063,361		
\$ -		\$ 1,113,968		

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,845,514	\$ 1,845,514	\$ -	\$ -	\$ -	\$ -
License and permits	54,671	54,671	-	18,898	18,898	-
Federal aid	-	-	-	655,096	655,096	-
Local participation	-	-	-	36,205	36,205	-
Interest earnings	10,985	10,985	-	12,669	12,669	-
Nonoperating revenue-bridges	-	-	-	2,309	2,309	-
Miscellaneous revenue	381	381	-	18,495	18,495	-
Total Revenues	1,911,550	1,911,550	-	743,674	743,674	-
EXPENDITURES AND ENCUMBRANCES						
Administration	-	-	-	404,783	380,907	23,876
Bus operating assistance grants	-	-	-	-	-	-
Other grants	921,401	914,782	6,619	200,987	140,162	60,825
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,309	2,286	23
Total Administration and Operations	921,401	914,782	6,619	608,079	523,355	84,724
Roads and bridges	-	-	-	918,345	917,828	517
Other capital outlay	-	-	-	57,093	20,762	36,331
Total Capital Outlay	-	-	-	975,438	938,589	36,849
Total Expenditures and Encumbrances	921,401	914,782	6,619	1,583,517	1,461,944	121,572
Excess of Revenue Over(Under)						
Expenditures and Encumbrances	990,150	996,768	6,619	(839,843)	(718,271)	121,572
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	634,294	634,294	-
Grants and transfers from other funds	1,990	1,990	-	174,508	174,508	-
Total Financing Sources	1,990	1,990	-	808,802	808,802	-
OTHER FINANCING USES						
Michigan transportation fund distribution	799,217	793,491	5,726	-	-	-
Grants and transfers to other funds	215,129	205,267	9,862	16,601	16,671	(70)
Debt service	-	-	-	44,892	44,892	-
Total Financing Uses	1,014,346	998,758	15,588	61,493	61,563	(70)
Excess Other Financial Sources Over(Under)						
Other Financial Uses	(1,012,356)	(996,768)	15,588	747,309	747,239	(70)
Excess of Revenue and Other Financial Sources						
Over(Under) Expenditures, Encumbrances						
and Other Financial Uses	\$ (22,207)	-	\$ 22,207	\$ (92,534)	28,968	\$ 121,502
(Statutory/Budgetary Basis)						
Encumbrances at September 30		-			28,805	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			28,805	
Excess of Revenue and Other Financial Sources						
Over(Under) Expenditures and Other						
Financial Uses (GAAP Basis)		-			57,773	
FUND BALANCES (GAAP BASIS)						
Beginning of fiscal year		-			404,406	
End of fiscal year		\$ -			\$ 462,179	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 73,728	\$ 73,728	\$ -
-	-	-	258	258	-
-	-	-	31,987	31,987	-
-	-	-	65	65	-
1,015	1,015	-	2,240	2,240	-
-	-	-	-	-	-
<u>11,478</u>	<u>11,478</u>	<u>-</u>	<u>2,077</u>	<u>2,077</u>	<u>-</u>
<u>12,493</u>	<u>12,493</u>	<u>-</u>	<u>110,356</u>	<u>110,356</u>	<u>-</u>
10,380	3,966	6,414	11,627	10,055	1,572
-	-	-	166,306	166,273	33
-	-	-	134,459	119,391	15,068
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,380</u>	<u>3,966</u>	<u>6,414</u>	<u>312,392</u>	<u>295,719</u>	<u>16,673</u>
<u>6,348</u>	<u>6,309</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,348</u>	<u>6,309</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>16,728</u>	<u>10,276</u>	<u>6,452</u>	<u>312,392</u>	<u>295,719</u>	<u>16,673</u>
<u>(4,235)</u>	<u>2,218</u>	<u>6,452</u>	<u>(202,036)</u>	<u>(185,363)</u>	<u>16,673</u>
-	-	-	159,197	159,197	-
-	-	-	1,103	1,103	-
-	-	-	<u>160,300</u>	<u>160,300</u>	<u>-</u>
-	-	-	-	-	-
-	41	(41)	278	2,083	(1,805)
<u>2,309</u>	<u>2,308</u>	<u>-</u>	<u>21,698</u>	<u>21,698</u>	<u>-</u>
<u>2,309</u>	<u>2,350</u>	<u>(41)</u>	<u>21,976</u>	<u>23,781</u>	<u>(1,805)</u>
<u>(2,309)</u>	<u>(2,350)</u>	<u>(41)</u>	<u>138,324</u>	<u>136,519</u>	<u>(1,805)</u>
<u>\$ (6,543)</u>	<u>(132)</u>	<u>\$ 6,411</u>	<u>\$ (63,712)</u>	<u>(48,844)</u>	<u>\$ 14,868</u>
	143			38,379	
	-			-	
	<u>143</u>			<u>38,379</u>	
	11			(10,465)	
	<u>(15,197)</u>			<u>84,667</u>	
<u>\$ (15,186)</u>			<u>\$ 74,202</u>		

	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL
REVENUES					
Taxes	\$ 6,706	\$ 6,706	\$ -	\$ -	\$ -
License and permits	314	314	-	-	-
Federal aid	86,647	86,647	-	-	-
Local participation	21,440	21,440	-	-	-
Interest earnings	758	758	-	-	-
Nonoperating revenue-bridges	-	-	-	-	-
Miscellaneous revenue	785	785	-	-	-
Total Revenues	116,651	116,651	-	-	-
EXPENDITURES AND ENCUMBRANCES					
Administration	7,878	6,934	944	-	-
Bus operating assistance grants	-	-	-	-	-
Other grants	-	-	-	-	-
Airport development	128,633	127,641	992	-	-
Nonoperating expenditure-bridges	-	-	-	-	-
Total Administration and Operations	136,511	134,575	1,936	-	-
Roads and bridges	-	-	-	-	-
Other capital outlay	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Expenditures and Encumbrances	136,511	134,575	1,936	-	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(19,860)	(17,924)	1,936	-	-
OTHER FINANCING SOURCES					
Michigan transportation fund distribution	-	-	-	-	-
Grants and transfers from other funds	17,160	17,160	-	-	-
Total Financing Sources	17,160	17,160	-	-	-
OTHER FINANCING USES					
Michigan transportation fund distribution	-	-	-	-	-
Grants and transfers to other funds	336	265	(72)	-	-
Debt service	-	-	-	-	-
Total Financing Uses	336	265	72	-	-
Excess Other Financial Sources Over(Under) Other Financial Uses	16,824	16,895	72	-	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (3,037)	(1,029)	\$ 2,008	-	-
(Statutory/Budgetary Basis)					
Encumbrances at September 30		2,940		-	-
Funds not annually budgeted		-		499,624	(4,566)
Net Reconciling Items		2,940		499,624	(4,566)
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		1,912		499,624	(4,566)
FUND BALANCES (GAAP BASIS)					
Beginning of fiscal year		15,990		17,512	11,694
End of fiscal year		\$ 17,901		\$ 517,136	\$ 7,128

TRANSPORTATION RELATED TRUST FUND		TOTALS	
ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ 1,925,948	\$ 1,925,948	\$ -
-	74,141	74,141	-
-	773,730	773,730	-
-	57,711	57,711	-
-	27,667	27,667	-
-	2,309	2,309	-
-	33,218	33,218	-
-	2,894,724	2,894,724	-
-	434,668	401,862	32,805
-	166,306	166,273	33
-	1,256,846	1,174,335	82,511
-	128,633	127,641	992
-	2,309	2,286	23
-	1,988,762	1,872,398	116,365
-	924,693	924,137	556
-	57,093	20,762	36,331
-	981,786	944,899	36,887
-	2,970,548	2,817,296	153,252
-	(75,824)	77,428	153,252
-	793,491	793,491	-
-	194,761	194,761	-
-	988,252	988,252	-
-	799,217	793,491	5,726
-	232,344	224,327	8,018
-	68,898	68,898	-
-	1,100,460	1,086,716	13,744
-	(112,208)	(98,464)	13,744
-	<u>\$ (188,032)</u>	<u>(21,036)</u>	<u>\$ 166,996</u>
-		70,267	
-		<u>495,057</u>	
-		<u>565,325</u>	
-		544,288	
-		<u>519,072</u>	
<u>\$ -</u>		<u>\$ 1,063,361</u>	

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. As of October 1, 1986, the debt service funds for the outstanding bond issues were merged by equity transfer into this debt service fund. The funds merged include the 1983 State Trunkline Fund Bond and Interest Redemption Fund, the 1984 State Trunkline Fund Bond and Interest Redemption Fund, the 1986 State Trunkline Refunding Bond and Interest Redemption Fund, and the Michigan Trunkline Bond and Interest Redemption Fund, Series II through IX. All subsequent State Trunkline Fund related bond issues are accounted for in this fund.

The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. As of October 1, 1986, the debt service funds for outstanding bond issues were merged by equity transfer into this debt service fund. The funds merged include the Comprehensive Transportation Bond and Interest Redemption Fund, and the 1986 Comprehensive Transportation Refunding Bond and Interest Redemption Fund. All subsequent Comprehensive Transportation Fund related bond issues are accounted for in this fund.

The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 2002 and 2001
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
ASSETS						
Current Assets:						
Equity in Common Cash	\$ 190	\$ -	\$ -	\$ -	\$ 190	\$ -
Amounts due from other funds	-	-	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and other liabilities	190	-	-	-	190	-
Amounts due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190</u>	<u>-</u>
Fund Balances:						
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ -</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2002	2001	2002	2001	2002	2001
REVENUES						
Interest earnings	\$ -	\$ -	\$ 1	\$ 1	\$ 1	\$ 1
Total Revenues	-	-	1	1	1	1
EXPENDITURES						
Costs of issuance	683	-	616	293	1,299	293
Bond principal retirement	19,690	18,670	11,130	10,465	30,820	29,135
Bond interest and fiscal charges	47,003	29,526	10,221	11,233	57,224	40,758
Total Expenditures	67,376	48,196	21,967	21,991	89,343	70,186
Excess of Revenues Over (Under) Expenditures	(67,375)	(48,195)	(21,967)	(21,990)	(89,342)	(70,185)
OTHER FINANCING SOURCES						
Proceeds from refunding bond issues	97,870	-	89,620	27,765	187,490	27,765
Premium on bonds issued	6,630	-	6,023	600	12,653	600
Transfer from State Trunkline Fund	66,693	48,196	-	-	66,693	48,196
Transfer from Comprehensive Transportation Fund	-	-	21,351	21,698	21,351	21,698
Total Other Financing Sources	171,193	48,196	116,994	50,063	288,187	98,258
OTHER FINANCING USES						
Transfer to Treasury for operations	-	-	1	1	1	1
Payment to refunded bond escrow agent	103,817	-	95,027	28,072	198,844	28,072
Total Other Financing Uses	103,817	-	95,028	28,073	198,845	28,073
Excess of Other Sources Over (Under) Other Uses	67,375	48,195	21,967	21,990	89,342	70,185
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	-	-
Fund balances-Beginning of fiscal year	-	-	-	-	-	-
Fund balances-End of fiscal year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS
LAST TEN YEARS
SEPTEMBER 30, 2002
(In Thousands)

	<u>1992-1993</u>	<u>1993-1994</u>	<u>1994-1995</u>	<u>1995-1996</u>
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	\$ 1,264,114	\$ 1,299,440	\$ 1,361,993	\$ 1,402,386
State Trunkline Fund				
Economic Development	85,954	125,479	132,328	111,438
Traditional Program	646,192	585,596	664,417	704,757
Blue Water Bridge Fund	-	-	529	1,386
Comprehensive Transportation Fund	172,662	189,127	215,001	219,502
Aeronautics Fund	76,201	68,639	76,468	94,190
Transportation Related Trust Fund	-	-	-	-
1984 Comprehensive Transportation Bond Proceeds Fund	20	10	-	-
1984 State Trunkline Bond Proceeds Fund	17	-	-	-
1989 State Trunkline Bond Proceeds Fund	1,015	471	-	2,381
1992 State Trunkline Bond Proceeds Fund	179,099	243,403	159,098	64,312
1992 State Trunkline Critical Bridge Bond Proceeds Fund	1,013	710	433	132
1992 Comprehensive Transportation Bond Proceeds Fund	1,098	1,017	1,446	-
1994 State Trunkline Bond Proceeds Fund	-	153,363	88,044	149,869
1996 State Trunkline Bond Proceeds Fund	-	-	-	-
2001 Build Michigan III Bond Proceeds	-	-	-	-
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds	-	-	-	-
2002 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 2,427,385</u>	<u>\$ 2,667,255</u>	<u>\$ 2,699,757</u>	<u>\$ 2,750,353</u>
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	\$ 1,264,114	\$ 1,299,440	\$ 1,361,993	\$ 1,402,385
State Trunkline Fund				
Economic Development	73,125	109,076	127,426	145,609
Traditional Program	641,575	592,755	639,036	641,136
Blue Water Bridge Fund	-	-	7,998	30,001
Comprehensive Transportation Fund	172,685	170,091	179,070	199,578
Aeronautics Fund	80,348	62,843	79,254	92,574
Transportation Related Trust Fund	-	-	-	-
1984 Comprehensive Transportation Bond Proceeds Fund	-	639	-	-
1984 State Trunkline Bond Proceeds Fund	-	-	-	-
1989 State Trunkline Bond Proceeds Fund	24,176	17,137	1,796	4,405
1992 State Trunkline Bond Proceeds Fund	232,520	284,386	217,576	73,640
1992 State Trunkline Critical Bridge Bond Proceeds Fund	3,077	12,751	10,539	4,094
1992 Comprehensive Transportation Bond Proceeds Fund	7,486	4,787	3,743	-
1994 State Trunkline Bond Proceeds Fund	-	14,861	140,602	198,243
1996 State Trunkline Bond Proceeds Fund	-	-	-	-
2001 Build Michigan III Bond Proceeds	-	-	-	-
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds	-	-	-	-
2002 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 2,499,106</u>	<u>\$ 2,568,766</u>	<u>\$ 2,769,033</u>	<u>\$ 2,791,664</u>

<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>
\$ 1,531,558	\$ 1,760,457	\$ 1,844,829	\$ 1,892,570	\$ 1,913,540	\$ 1,974,234
100,715	100,287	114,030	109,260	113,111	114,264
924,447	1,155,026	1,251,440	1,537,389	1,439,365	1,367,935
536	10,580	11,454	16,535	12,493	11,478
228,497	226,155	243,990	249,647	270,656	270,695
91,272	70,615	74,229	93,818	133,811	155,619
-	-	-	224,680	244,625	277,726
-	-	-	-	-	-
-	-	-	-	-	-
324	253	5,508	3,514	112	41
35,622	18,373	12,288	15,312	11,914	5,087
111	104	76	85	13	2
1,064	900	1,985	730	609	104
103,710	40,051	10,615	6,984	3,110	486
56,391	2,079	(119)	9	3	154
-	-	-	-	330,576	49,090
-	-	-	-	410,848	218,262
-	-	-	-	-	89,179
<u>\$ 3,074,247</u>	<u>\$ 3,384,879</u>	<u>\$ 3,570,324</u>	<u>\$ 4,150,531</u>	<u>\$ 4,884,786</u>	<u>\$ 4,534,356</u>

\$ 1,531,558	\$ 1,760,457	\$ 1,844,829	\$ 1,892,570	\$ 1,913,540	\$ 1,974,234
124,129	109,345	115,337	87,927	108,988	109,955
879,185	1,089,716	1,363,640	1,493,359	1,385,715	1,277,342
-	5,271	5,220	7,728	12,482	10,326
223,501	267,159	237,021	241,984	281,121	288,324
83,243	71,914	99,057	90,195	131,899	159,609
-	-	-	224,680	244,625	277,726
-	-	-	-	-	-
-	-	-	-	-	-
1,066	1,519	3,126	1,582	132	314
43,521	23,027	16,050	18,886	12,667	5,970
157	580	242	1,123	1	262
6,569	3,545	2,395	1,013	5,176	5,474
119,378	52,368	14,228	8,281	3,688	520
12,695	19,862	23,776	2,257	(74)	-
-	-	-	-	75,734	113,740
-	-	-	-	164,805	259,282
-	-	-	-	-	671
<u>\$ 3,025,002</u>	<u>\$ 3,404,762</u>	<u>\$ 3,724,921</u>	<u>\$ 4,071,584</u>	<u>\$ 4,340,498</u>	<u>\$ 4,483,749</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001
(In Thousands)

	2002	2001
REVENUES AND OTHER SOURCES		
Licenses and permits	\$ 10,241	\$ 13,486
Federal aid	40,225	33,037
Local participation	20,147	21,013
Interest earnings	2,273	5,301
Michigan Transportation Fund distribution	40,275	40,275
Miscellaneous	708	-
Operating Transfers In	395	-
	<hr/>	<hr/>
Total Revenues and Other Sources	114,264	113,111
	<hr/>	<hr/>
EXPENDITURES AND OTHER USES		
Administration	447	500
Forest roads	5,025	5,034
Target industries-state takeovers	21,164	19,202
Rural county urban system	3,250	3,440
Urban county congestion	33,856	29,861
Rural county primary	36,859	44,345
Debt service	9,355	6,607
	<hr/>	<hr/>
Total Expenditures and Other Uses	109,955	108,988
	<hr/>	<hr/>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	4,308	4,123
	<hr/>	<hr/>
Fund Balances-Beginning of fiscal year	87,807	83,684
Fund Balances-End of fiscal year	\$ 92,115	\$ 87,807
	<hr/> <hr/>	<hr/> <hr/>

The Economic Development Fund was created as a subfund of the State Trunkline Fund during fiscal year 1987-88. The amounts shown above have been reported as part of the State Trunkline Fund in previous schedules of this report. This supplementary schedule was prepared to provide additional information pertaining specifically to the Economic Development Fund.

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE OUTSTANDING BONDS
STATE TRUNKLINE FUND AND COMPREHENSIVE TRANSPORTATION FUND
 SEPTEMBER 30, 2002
 (In Thousands)

FISCAL YEARS ENDING SEPTEMBER 30	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			COMBINED TOTAL		
	PRINCIPLE	INTEREST	TOTAL	PRINCIPLE	INTEREST	TOTAL	PRINCIPLE	INTEREST	TOTAL
2003	\$ 26,220	\$ 39,604	\$ 65,824	\$ 11,655	\$ 11,975	\$ 23,630	\$ 37,875	\$ 51,579	\$ 89,454
2004	23,895	40,419	64,314	14,845	12,825	27,670	38,740	53,244	91,984
2005	25,026	39,486	64,512	16,480	12,078	28,558	41,506	51,564	93,070
2006	19,719	38,645	58,364	17,820	11,186	29,006	37,539	49,831	87,370
2007	19,914	38,008	57,922	18,715	10,293	29,008	38,629	48,301	86,931
2008	20,183	37,328	57,511	19,780	9,275	29,055	39,963	46,603	86,566
2009	20,495	36,465	56,960	20,795	8,265	29,060	41,290	44,731	86,020
2010	23,566	35,621	59,187	21,995	7,064	29,059	45,561	42,684	88,245
2011	24,273	34,605	58,878	23,145	5,908	29,053	47,418	40,513	87,931
2012	25,082	33,535	58,617	10,625	4,981	15,606	35,707	38,516	74,222
2013	25,951	32,408	58,359	11,155	4,421	15,576	37,106	36,828	73,934
2014	37,330	30,839	68,169	11,735	3,828	15,563	49,065	34,667	83,732
2015	39,370	28,805	68,175	6,405	3,205	9,610	45,775	32,010	77,785
2016	41,510	26,660	68,170	6,745	2,862	9,607	48,255	29,521	77,776
2017	43,805	24,362	68,167	7,110	2,500	9,610	50,915	26,862	77,777
2018	46,265	21,898	68,163	7,485	2,119	9,604	53,750	24,016	77,766
2019	48,875	19,291	68,166	7,885	1,717	9,602	56,760	21,009	77,769
2020	51,505	16,668	68,173	8,305	1,300	9,605	59,810	17,969	77,779
2021	54,130	14,053	68,183	8,740	867	9,607	62,870	14,920	77,790
2022	56,905	11,276	68,181	9,195	411	9,606	66,100	11,687	77,787
2023	25,335	9,197	34,532	-	-	-	25,335	9,197	34,532
2024	26,645	7,897	34,542	-	-	-	26,645	7,897	34,542
2025	28,010	6,531	34,541	-	-	-	28,010	6,531	34,541
2026	18,785	5,361	24,146	-	-	-	18,785	5,361	24,146
2027	19,770	4,377	24,147	-	-	-	19,770	4,377	24,147
2028	16,970	3,417	20,387	-	-	-	16,970	3,417	20,387
2029	17,885	2,502	20,387	-	-	-	17,885	2,502	20,387
2030	18,850	1,538	20,388	-	-	-	18,850	1,538	20,388
2031	19,870	522	20,392	-	-	-	19,870	522	20,392
TOTAL	\$ 866,139	\$ 641,317	\$ 1,507,456	\$ 260,615	\$ 117,081	\$ 377,696	\$ 1,126,754	\$ 758,398	\$ 1,885,152

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2002
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 797,212	\$ 104,161	\$ 26,116
Economic development fund	100,153	161	340
Work orders - state facilities	<u>12,654</u>	<u>-</u>	<u>-</u>
Subtotal	<u>910,020</u>	<u>104,321</u>	<u>26,456</u>
BLUE WATER BRIDGE FUND	<u>4,040</u>	<u>-</u>	<u>-</u>
Subtotal	<u>4,040</u>	<u>-</u>	<u>-</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	<u>152,868</u>	<u>4,983</u>	<u>13,129</u>
Subtotal	<u>152,868</u>	<u>4,983</u>	<u>13,129</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	5,014	-	-
Bus transit	39,755	-	-
Intercity bus, rail, water	<u>6,274</u>	<u>-</u>	<u>-</u>
Subtotal	<u>51,042</u>	<u>-</u>	<u>-</u>
BOND FUNDS			
1989 State Trunkline	314	181	1
1992 State Trunkline	5,967	2,573	530
1992 Comprehensive Transportation	5,811	-	-
1994 State Trunkline	520	45	136
1996 State Trunkline	-	-	-
2001 State Trunkline BM3	113,740	7,176	4,803
2001 & 2002 State Trunkline BM2	259,282	-	-
2002 Comprehensive Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>385,634</u>	<u>9,975</u>	<u>5,470</u>
Total Capital Acquisitions	<u>\$ 1,503,603</u>	<u>\$ 119,279</u>	<u>\$ 45,055</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
\$ 2,559	\$ 572,560	\$ 47,532	\$ -	\$ 44,285
-	90,133	607	-	8,913
-	-	-	-	12,654
<u>2,559</u>	<u>662,693</u>	<u>48,140</u>	<u>-</u>	<u>65,851</u>
-	-	-	-	4,040
-	-	-	-	4,040
-	74,070	6,499	-	54,186
-	74,070	6,499	-	54,186
-	-	-	-	5,014
-	-	-	-	39,755
-	-	-	-	6,274
-	-	-	-	51,042
-	-	-	-	133
571	193	47	-	2,053
-	-	-	-	5,811
-	277	70	-	(8)
-	-	-	-	-
12	88,559	5,041	-	8,148
-	246,804	21,844	-	(9,366)
-	-	-	-	-
<u>582</u>	<u>335,834</u>	<u>27,002</u>	<u>-</u>	<u>6,771</u>
<u>\$ 3,141</u>	<u>\$ 1,072,597</u>	<u>\$ 81,641</u>	<u>\$ -</u>	<u>\$ 181,890</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 928,868	\$ 90,373	\$ 35,328
Economic development fund	101,881	1,273	748
Work orders - state facilities	<u>13,171</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,043,921</u>	<u>91,646</u>	<u>36,076</u>
BLUE WATER BRIDGE FUND	<u>6,348</u>	<u>-</u>	<u>-</u>
Subtotal	<u>6,348</u>	<u>-</u>	<u>-</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	<u>141,140</u>	<u>7,727</u>	<u>14,017</u>
Subtotal	<u>141,140</u>	<u>7,727</u>	<u>14,017</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	5,486	-	-
Bus transit	46,161	-	-
Intercity bus, rail, water	<u>11,819</u>	<u>-</u>	<u>-</u>
Subtotal	<u>63,466</u>	<u>-</u>	<u>-</u>
BOND FUNDS			
1989 State Trunkline	132	79	69
1992 State Trunkline	12,667	9,005	3,371
1992 Comprehensive Transportation	4,611	-	-
1994 State Trunkline	3,688	2	3,113
1996 State Trunkline	(74)	-	-
2001 State Trunkline BM3	75,734	2,087	33,766
2001 State Trunkline BM2	<u>164,805</u>	<u>-</u>	<u>-</u>
Subtotal	<u>261,563</u>	<u>11,173</u>	<u>40,320</u>
Total Capital Acquisitions	\$ <u><u>1,516,438</u></u>	\$ <u><u>110,546</u></u>	\$ <u><u>90,412</u></u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
\$ 2,831	\$ 726,703	\$ 52,926	\$ 4	\$ 20,703
-	93,501	2,305	-	4,054
-	-	5	-	13,166
<u>2,831</u>	<u>820,204</u>	<u>55,236</u>	<u>4</u>	<u>37,923</u>
-	-	-	-	6,348
-	-	-	-	6,348
-	70,256	4,676	-	44,465
-	70,256	4,676	-	44,465
-	-	-	-	5,486
-	-	-	-	46,161
-	-	-	-	11,819
-	-	-	-	63,466
-	-	-	-	(16)
-	356	144	-	(208)
-	-	-	-	4,611
-	460	167	-	(55)
-	(2,283)	(695)	-	2,903
-	33,835	2,178	-	3,867
-	158,340	8,620	-	(2,155)
-	190,708	10,414	-	8,948
\$ <u>2,831</u>	\$ <u>1,081,168</u>	\$ <u>70,326</u>	\$ <u>4</u>	\$ <u>161,150</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001
(In Thousands)

GRANTOR AGENCY/ FEDERAL ASSISTANCE PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE PROGRAM NUMBER	AMOUNT OF AWARD	
		2002	2001
Federal Highway Administration:			
Highway Research Planning and Construction (A)	20.205	\$ N/A	\$ N/A
Inter-City Motor Carrier Bus Safety Inspection Program (B)	20.218	146	148
Total Federal Highway Administration:			
Federal Aviation Administration:			
Airport Improvement Program (C)	20.106	N/A	N/A
Total Federal Aviation Administration:			
Federal Railroad Administration:			
Rail Capital and Operating Assistance	20.312	-	-
Total Federal Railroad Administration:			
Federal Transit Administration:			
Section 5309 - Capital Investment Program	20.500	9,449	-
Section 5311 - Public Transportation for Non-Urbanized Areas/Operating	20.509	6,289	5,771
Section 5311 - Public Transportation for Non-Urbanized Areas/Capital	20.509	4,177	-
Section 5303 - Metropolitan Planning Program	20.505	351	1,248
Section 5307 - Urbanized Area Formula Program	20.507	-	-
Section 5310 - Elderly and Persons with Disabilities Program	20.513	6,435	20
Section 5313(b) - State Planning and Research Program	20.515	2,368	570
Section 3037-Job Access and Reverse Commute Program	20.516	-	801

Total Federal Transit Administration:

DEPARTMENT TOTAL:

* Prior year column amounts have been restated to reflect corrections made in the subsequent year.

AMOUNTS TRANSFERRED TO OTHER STATE AGENCIES		EXPENDITURE OF FEDERAL FUNDS DIRECTLY EXPENDED BY DEPARTMENT		DISTRIBUTED TO NON-STATE SUBRECIPIENTS		TOTAL	
2002	2001	2002	2001	2002	2001	2002	2001*
\$ -	\$ -	\$ 771,635	\$ 828,689	\$ 37,073	\$ 39,581	\$ 808,707	\$ 868,270
-	-	96	92	-	-	96	92
\$ -	\$ -	\$ 771,731	\$ 828,781	\$ 37,073	\$ 39,581	\$ 808,803	\$ 868,362
\$ -	\$ -	\$ 90,602	\$ 60,705	\$ 15,521	\$ 25,941	\$ 106,122	\$ 86,646
\$ -	\$ -	\$ 90,602	\$ 60,705	\$ 15,521	\$ 25,941	\$ 106,122	\$ 86,646
\$ -	\$ -	\$ 584	\$ 2,782	\$ -	\$ -	\$ 584	\$ 2,782
\$ -	\$ -	\$ 584	\$ 2,782	\$ -	\$ -	\$ 584	\$ 2,782
\$ -	\$ -	\$ (765)	\$ 2,770	\$ 13,713	\$ 12,011	\$ 12,949	\$ 14,781
-	-	18	45	6,484	6,480	6,502	6,525
-	-	972	220	2,039	3,114	3,012	3,334
-	-	57	36	2,197	1,933	2,254	1,969
-	-	-	-	202	184	202	184
-	-	45	193	3,310	3,249	3,355	3,442
-	-	6	71	797	213	803	284
-	-	64	135	167	445	230	579
\$ -	\$ -	\$ 397	\$ 3,471	\$ 28,909	\$ 27,628	\$ 29,307	\$ 31,099
\$ -	\$ -	\$ 863,314	\$ 895,740	\$ 81,503	\$ 93,149	\$ 944,816	\$ 988,889

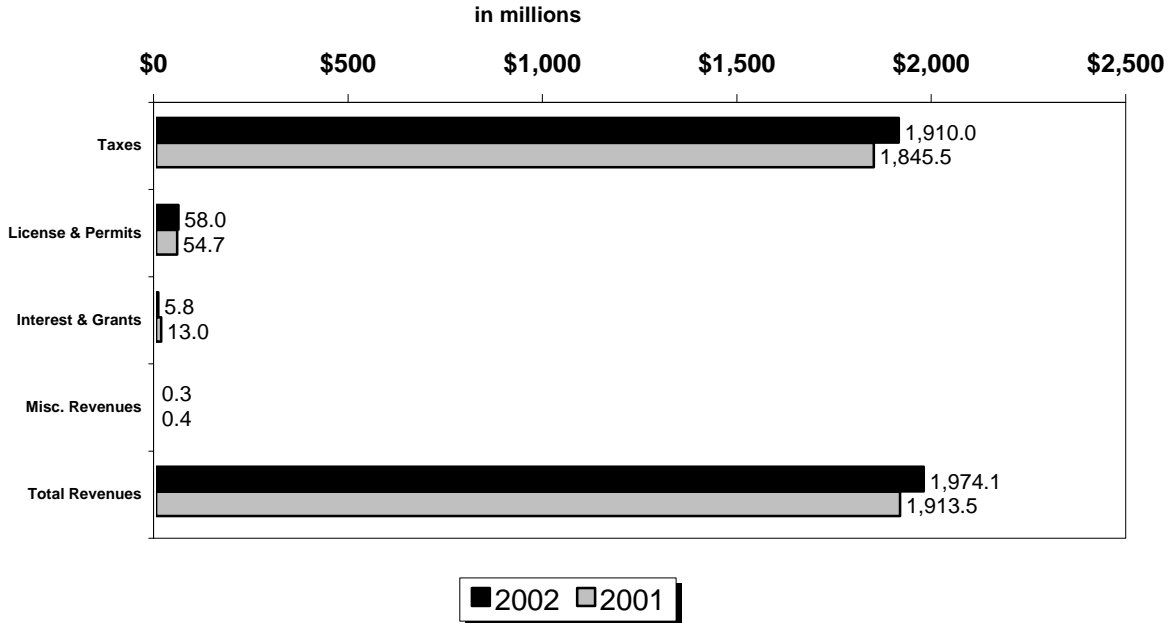
MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

- (A) The amount of the award for the Federal Highway Administration (FHWA) highway research planning and construction program is not stated because federal financial assistance is allocated to the Department in annual apportionments, rather than grants. Any unused apportionment is carried forward into the next fiscal year. Projects programmed are not linked to a specific apportionment or obligational authority.
- (B) The amount of the award for the Federal Aviation Administration (FAA) airport improvement program is not stated because federal financial assistance is awarded to locally owned airports, and the amount of grants is not available.

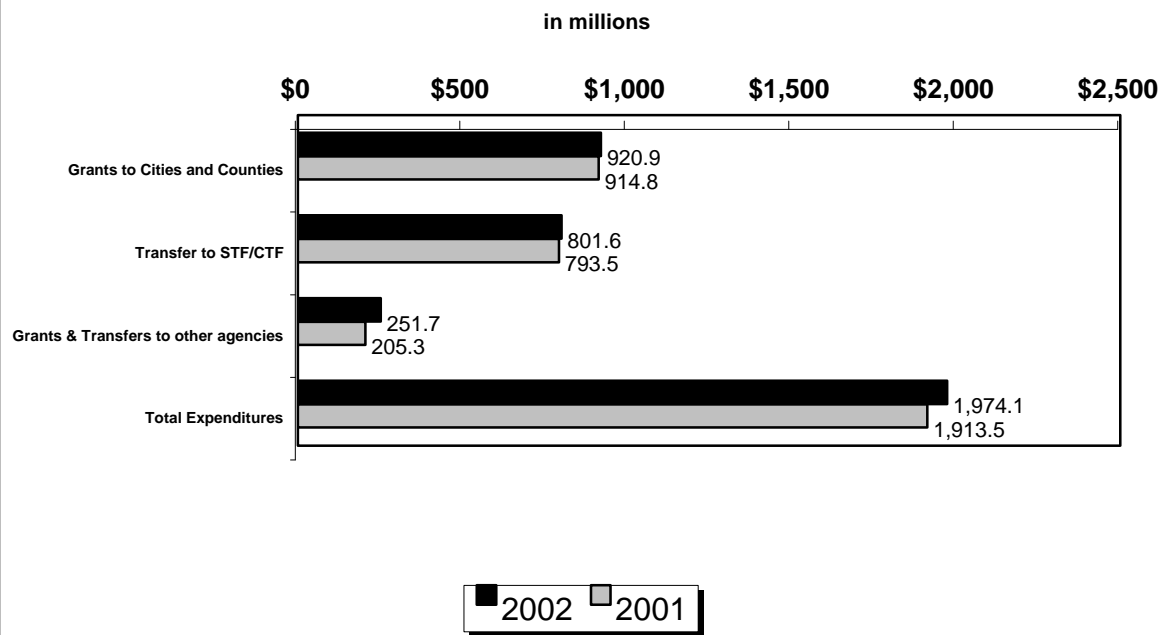
MICHIGAN DEPARTMENT OF TRANSPORTATION MICHIGAN TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

REVENUES AND OTHER SOURCES



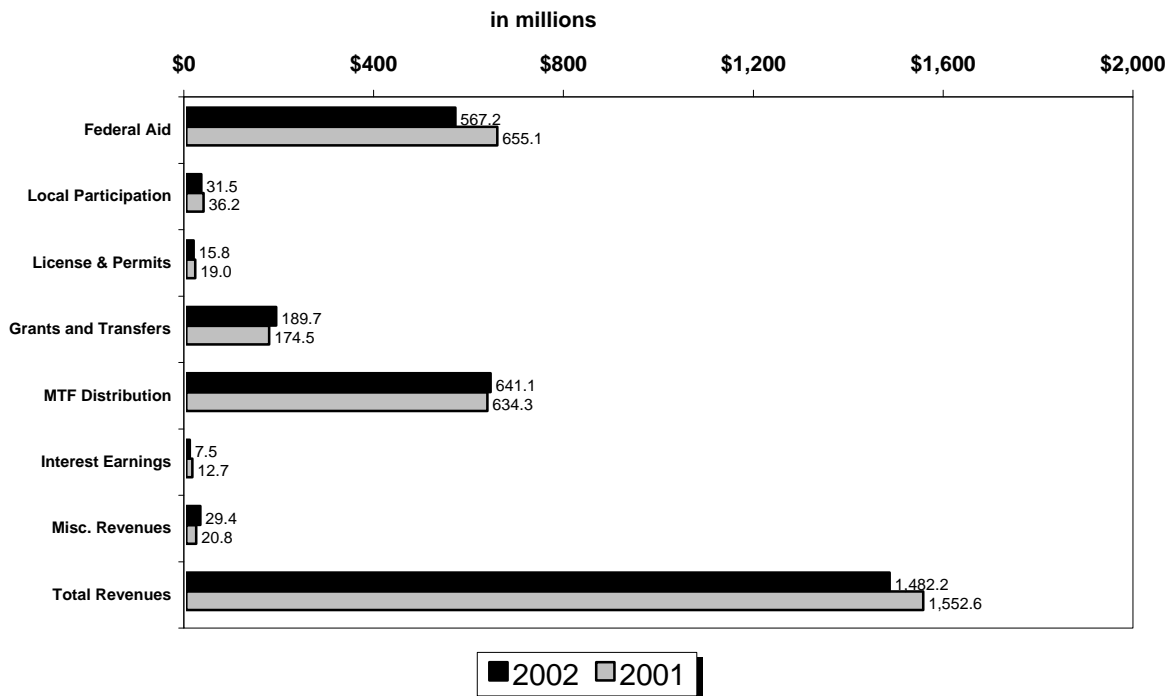
EXPENDITURES AND OTHER USES



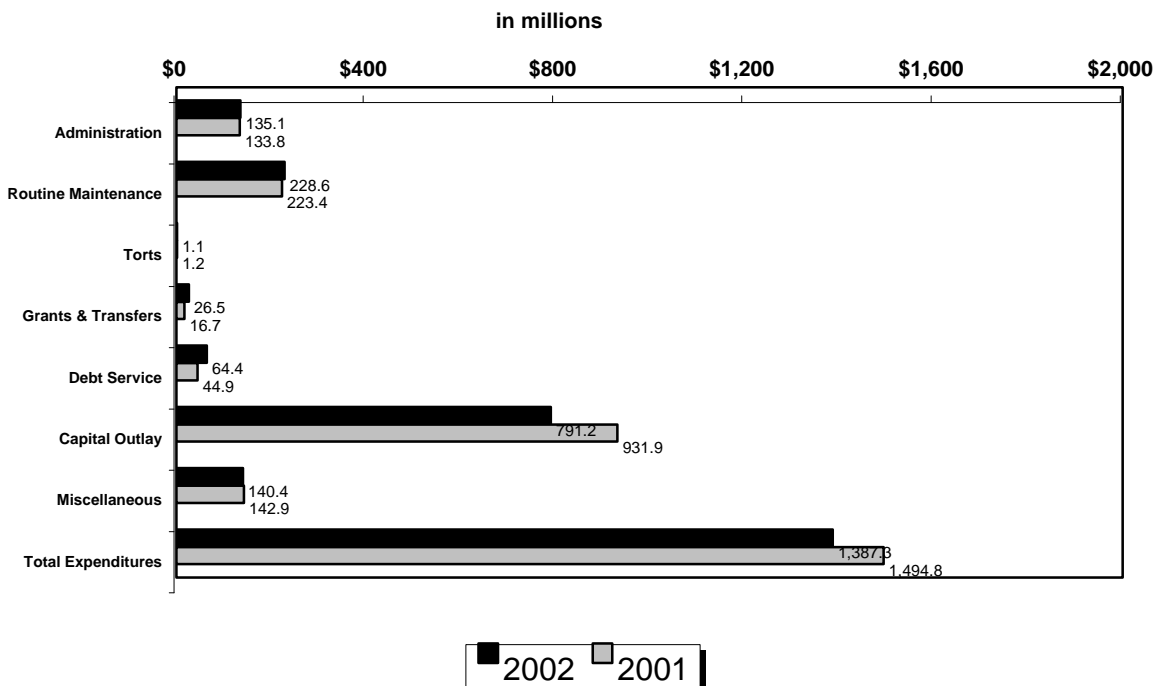
MICHIGAN DEPARTMENT OF TRANSPORTATION STATE TRUNKLINE FUND GRAPHICS

Includes Economic Development Fund
FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

REVENUES AND OTHER SOURCES



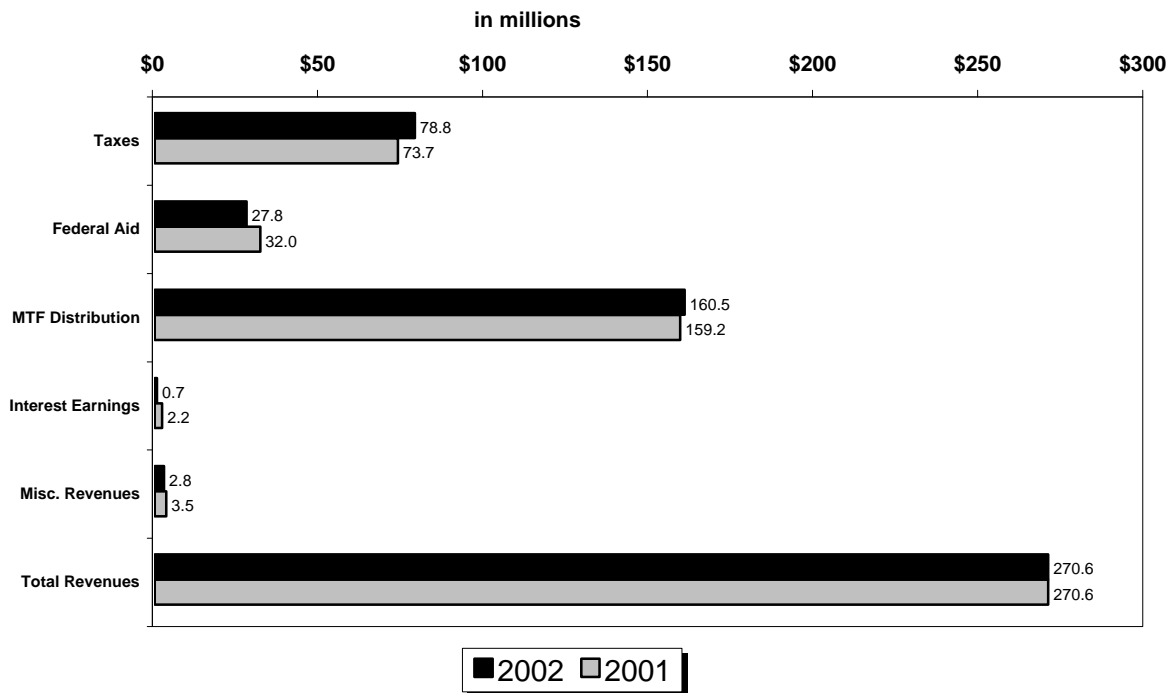
EXPENDITURES AND OTHER USES



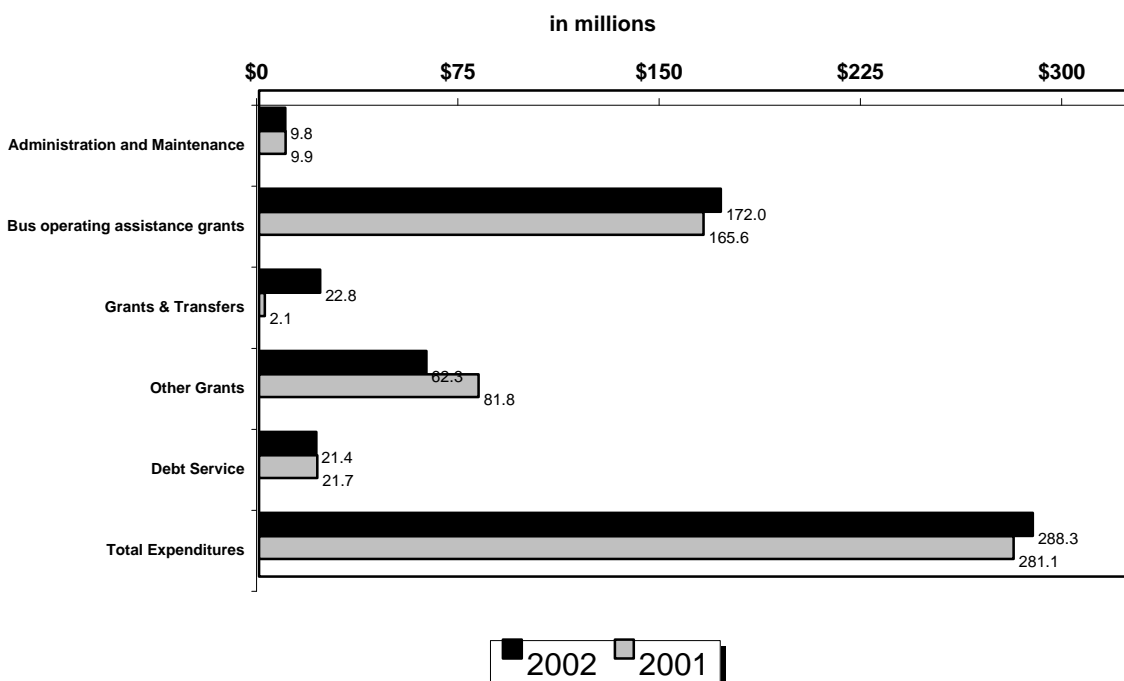
MICHIGAN DEPARTMENT OF TRANSPORTATION COMPREHENSIVE TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

REVENUES AND OTHER SOURCES

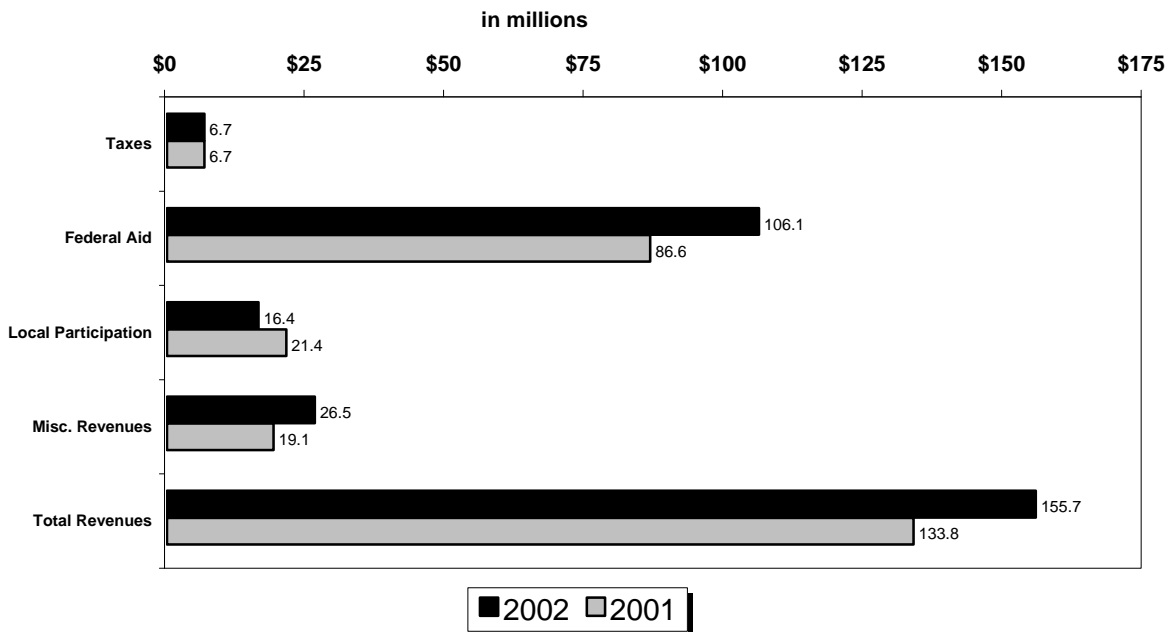


EXPENDITURES AND OTHER USES

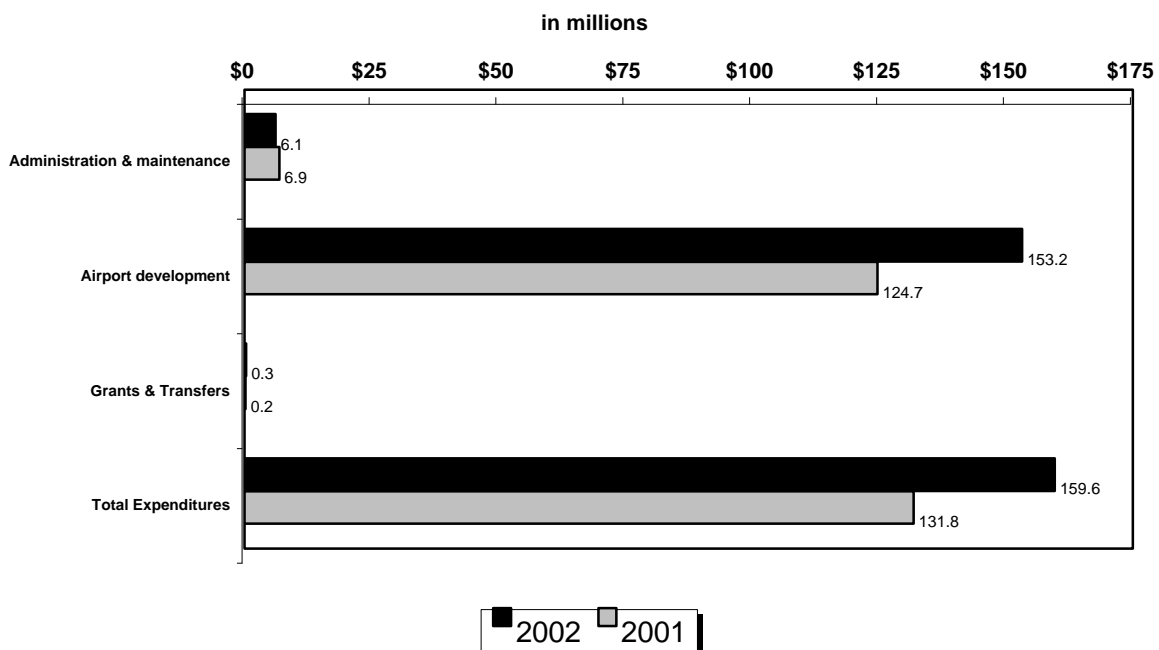


MICHIGAN DEPARTMENT OF TRANSPORTATION
STATE AERONAUTICS FUND GRAPHICS
FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

REVENUES AND OTHER SOURCES



EXPENDITURES AND OTHER USES

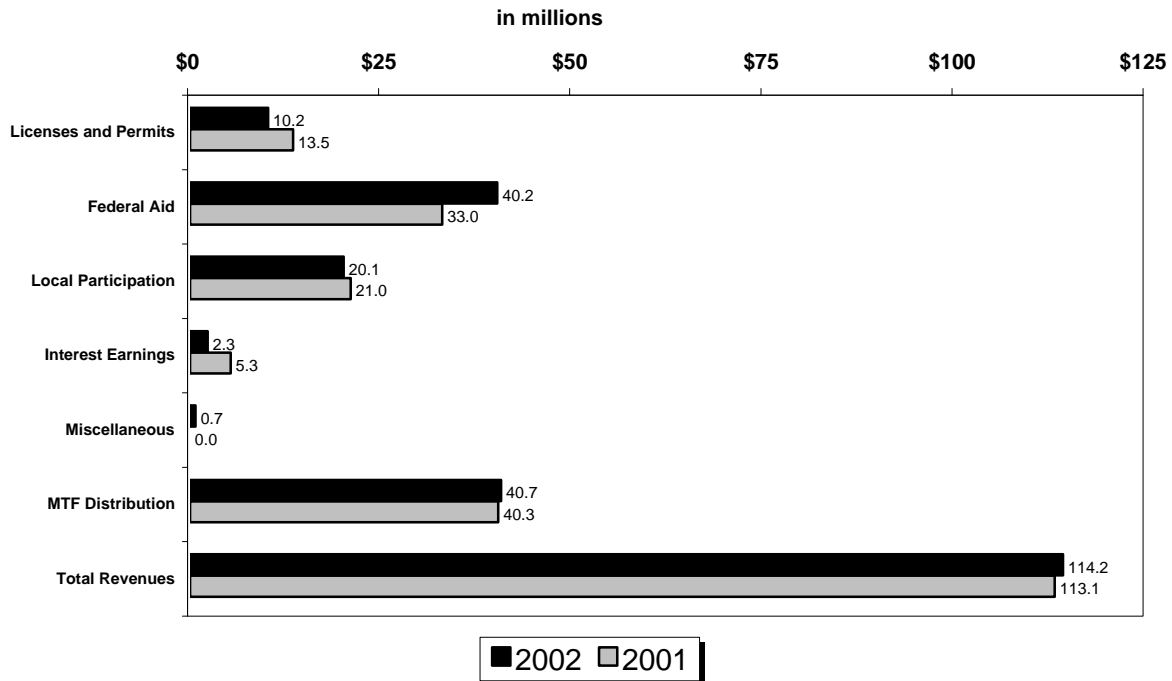


MICHIGAN DEPARTMENT OF TRANSPORTATION

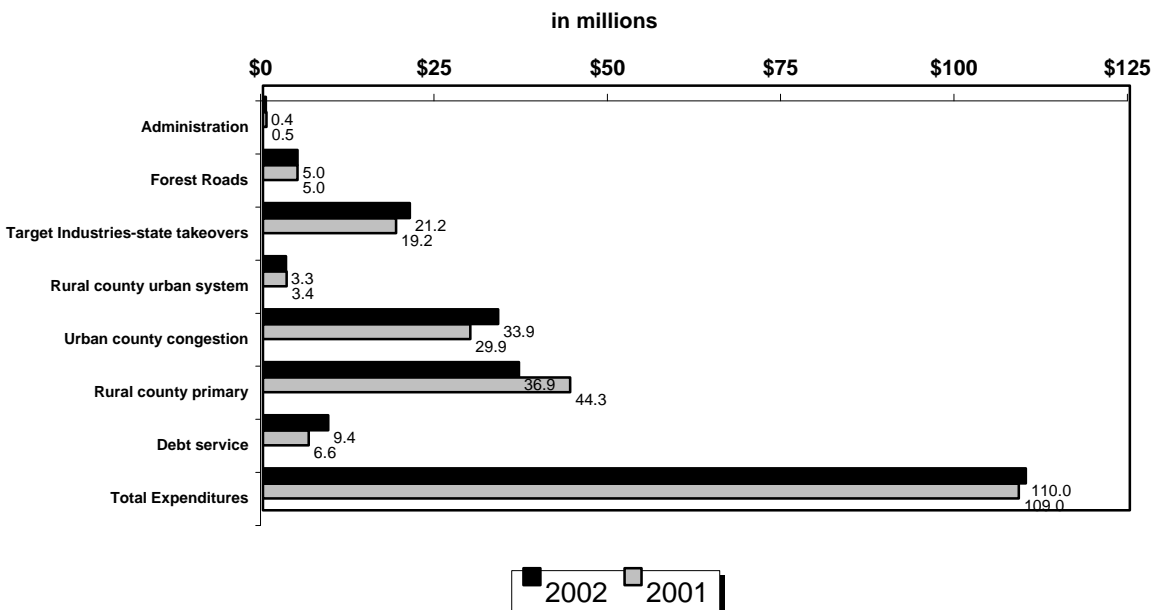
ECONOMIC DEVELOPMENT FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

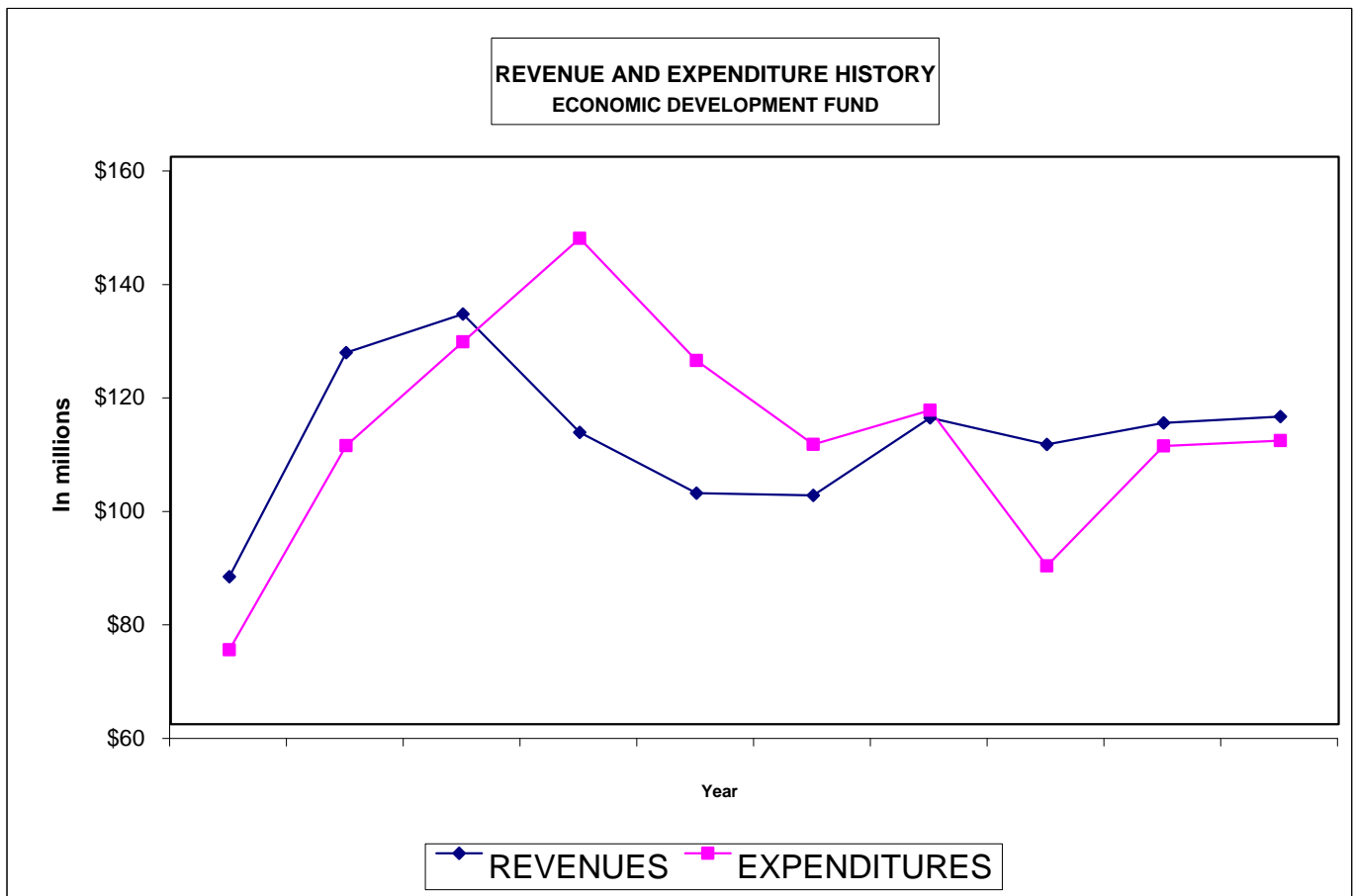
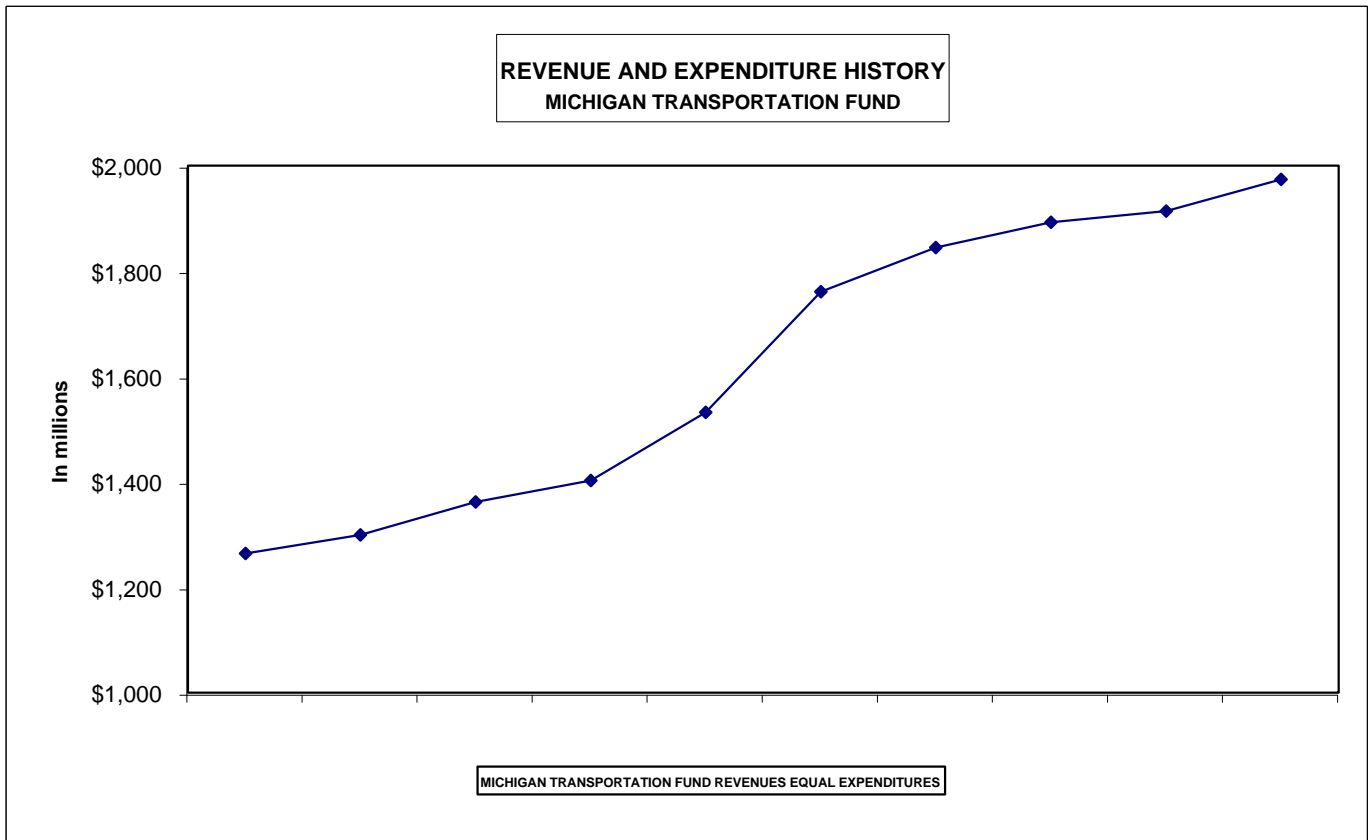
REVENUES AND OTHER SOURCES



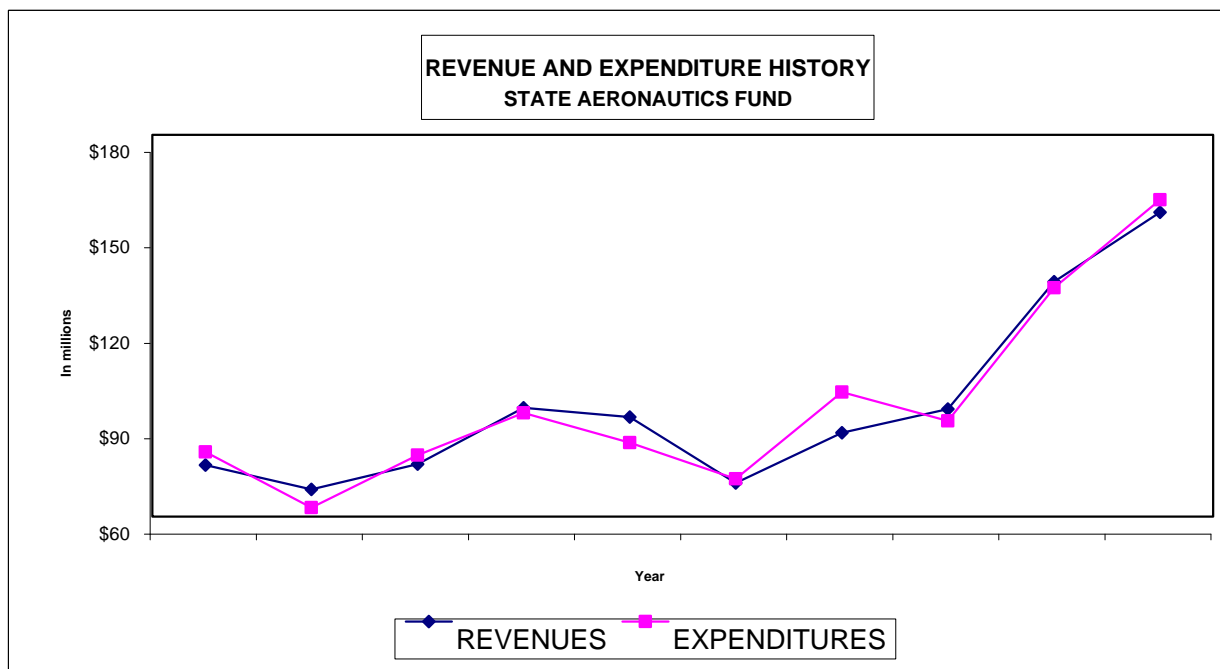
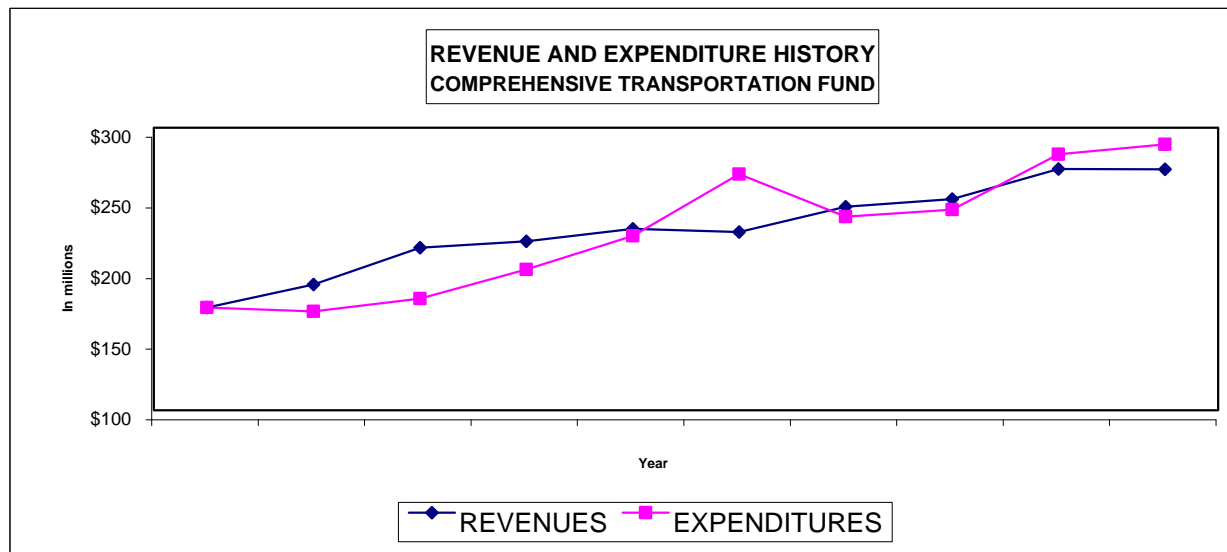
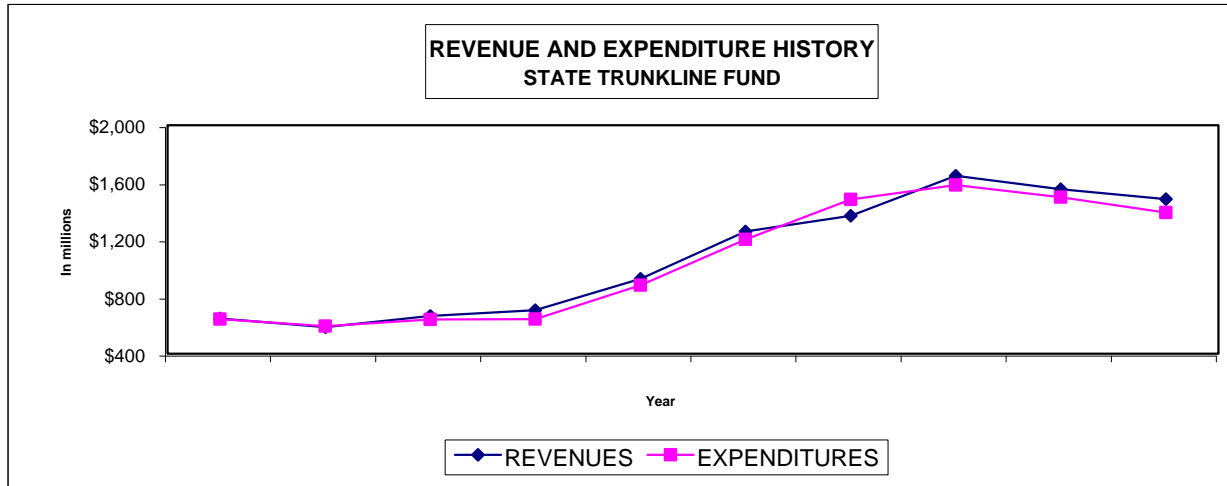
EXPENDITURES AND OTHER USES



MICHIGAN DEPARTMENT OF TRANSPORTATION TEN YEAR REVENUE AND EXPENDITURE HISTORY



MICHIGAN DEPARTMENT OF TRANSPORTATION TEN YEAR REVENUE AND EXPENDITURE HISTORY

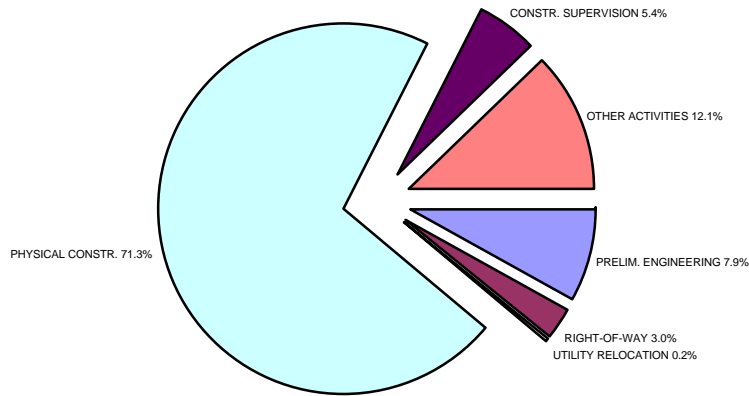


MICHIGAN DEPARTMENT OF TRANSPORTATION

TOTAL TRANSPORTATION CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS BY FUNCTIONAL ACTIVITY

FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

2002

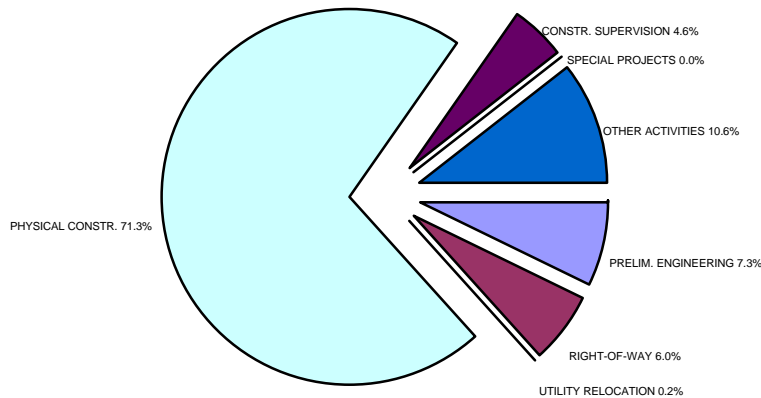


FISCAL YEAR 2002 AMOUNT

(In Thousands)

PRELIM. ENGINEERING	\$ 119,279
RIGHT-OF-WAY	45,055
UTILITY RELOCATION	3,141
PHYSICAL CONSTR.	1,072,597
CONSTR. SUPERVISION	81,641
OTHER ACTIVITIES	181,890
TOTAL	\$ 1,503,603

2001



FISCAL YEAR 2001 AMOUNT

(In Thousands)

PRELIM. ENGINEERING	\$ 110,546
RIGHT-OF-WAY	90,412
UTILITY RELOCATION	2,831
PHYSICAL CONSTR.	1,081,168
CONSTR. SUPERVISION	70,326
SPECIAL PROJECTS	4
OTHER ACTIVITIES	161,150
TOTAL	\$ 1,516,438